

1.1 A bill for an act

1.2 relating to retirement; providing financial solvency measures for Minnesota

1.3 statewide and major local public employee retirement plans; increasing contribution

1.4 rates; reducing certain postretirement adjustment increase rates; modifying

1.5 investment return assumptions; extending amortization target dates; reducing

1.6 deferred annuities augmentation; requiring a study on postretirement adjustments;

1.7 amending Minnesota Statutes 2016, sections 3A.02, subdivision 4; 3A.03,

1.8 subdivision 2; 352.01, subdivision 13a; 352.017, subdivision 2; 352.04, subdivisions

1.9 2, 3, 8, 9; 352.116, subdivision 1a; 352.22, subdivisions 2, 3, by adding

1.10 subdivisions; 352.23; 352.27; 352.92, subdivisions 1, 2, by adding a subdivision;

1.11 352.955, subdivision 3; 352B.013, subdivision 2; 352B.02, subdivisions 1a, 1c;

1.12 352B.08, by adding a subdivision; 352B.085; 352B.086; 352B.11, subdivision 4;

1.13 352D.04, subdivision 2; 352D.05, subdivision 4; 352D.085, subdivision 1; 352D.11,

1.14 subdivision 2; 352D.12; 353.01, subdivision 16; 353.0161, subdivision 2; 353.0162;

1.15 353.27, subdivisions 3c, 7a, 12, 12a, 12b; 353.28, subdivision 5; 353.30, subdivision

1.16 5; 353.34, subdivisions 2, 3; 353.35, subdivision 1; 353.65, subdivisions 2, 3, by

1.17 adding a subdivision; 354.42, subdivisions 2, 3; 354.436, subdivision 3; 354.44,

1.18 subdivision 6; 354.49, subdivision 2; 354.50, subdivision 2; 354.51, subdivision

1.19 5; 354.52, subdivision 4; 354.53, subdivision 5; 354.55, subdivision 11; 354A.011,

1.20 subdivision 3a; 354A.093, subdivision 6; 354A.096; 354A.12, subdivisions 1, 1a,

1.21 2a, 3a, 7; 354A.29, subdivision 7; 354A.31, subdivision 7; 354A.34; 354A.37,

1.22 subdivisions 2, 3; 354A.38, subdivision 3; 356.195, subdivision 2; 356.215,

1.23 subdivisions 8, 9, 11; 356.30, subdivision 1; 356.415, subdivisions 1, 1a, 1b, 1c,

1.24 1d, 1e, 1f, by adding a subdivision; 356.44; 356.50, subdivision 2; 356.551,

1.25 subdivision 2; 490.121, subdivisions 4, 25, 26; 490.1211; 490.124, subdivision

1.26 12; proposing coding for new law in Minnesota Statutes, chapter 356; repealing

1.27 Minnesota Statutes 2016, sections 3A.12; 352.045; 352.72; 352B.30; 353.27,

1.28 subdivision 3b; 353.71; 354.42, subdivisions 4a, 4b, 4c, 4d; 354.60; 354A.29,

1.29 subdivisions 8, 9; 354A.39.

1.30 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MINNESOTA:

1.31 **ARTICLE 1**

1.32 **MINNESOTA STATE RETIREMENT SYSTEM**

1.33 Section 1. Minnesota Statutes 2016, section 3A.02, subdivision 4, is amended to read:

2.1 Subd. 4. **Deferred annuities augmentation.** ~~(a) The deferred retirement allowance of~~  
 2.2 ~~any former legislator must be computed as provided in subdivision 1 on the basis of allowable~~  
 2.3 ~~service and augmented as provided herein.~~ ~~(b) The required reserves applicable to the deferred~~  
 2.4 ~~retirement allowance, determined as of the date the benefit begins to accrue using an~~  
 2.5 ~~appropriate mortality table and an interest assumption of six percent, must be augmented~~  
 2.6 ~~by interest compounded annually from the first of the month following the termination of~~  
 2.7 ~~active service, or July 1, 1973, whichever is later, to the first day of the month in which the~~  
 2.8 ~~allowance begins to accrue~~ effective date of retirement, at the following annually  
 2.9 compounded rate or rates:

2.10 (1) five percent until January 1, 1981;

2.11 (2) three percent from January 1, 1981, or from the first day of the month following the  
 2.12 termination of active service, whichever is later, until January 1 of the year in which the  
 2.13 former legislator attains age 55 or until January 1, 2012, whichever is earlier;

2.14 (3) five percent from the period end date under clause (2) until the effective date of  
 2.15 retirement or until January 1, 2012, whichever is earlier; ~~and~~

2.16 (4) two percent ~~after December 31, 2011.~~ from January 1, 2012, until December 31,  
 2.17 2017; and

2.18 (5) after December 31, 2017, the deferred annuity must not be augmented.

2.19 **EFFECTIVE DATE.** This section is effective July 1, 2017.

2.20 Sec. 2. Minnesota Statutes 2016, section 352.116, subdivision 1a, is amended to read:

2.21 Subd. 1a. **Actuarial reduction for early retirement.** This subdivision applies to a  
 2.22 person who has become at least 55 years old and first became a covered employee after  
 2.23 June 30, 1989, and to any other covered employee who has become at least 55 years old  
 2.24 and whose annuity is higher when calculated under section 352.115, subdivision 3, paragraph  
 2.25 (b), in conjunction with this subdivision than when calculated under section 352.115,  
 2.26 subdivision 3, paragraph (a), in conjunction with subdivision 1. A covered employee who  
 2.27 retires before the normal retirement age shall be paid the normal retirement annuity provided  
 2.28 in section 352.115, subdivisions 2 and 3, paragraph (b), reduced ~~so that~~ as described in  
 2.29 clause (1) or (2), as applicable.

2.30 (1) For covered employees who retire on or after July 1, 2018, the reduced annuity is  
 2.31 the actuarial equivalent of the annuity that would be payable to the employee if the employee  
 2.32 deferred receipt of the annuity until normal retirement age and the annuity amount were  
 2.33 augmented at ~~an~~ the applicable annual rate of ~~three percent,~~ compounded annually<sub>2</sub>, from

3.1 the day the annuity begins to accrue until the normal retirement age. The applicable annual  
3.2 rate is the rate in effect on the employee's effective date of retirement and shall be considered  
3.3 as fixed for the employee for the period until the employee reaches normal retirement age.  
3.4 The applicable annual rates are the following:

3.5 (i) until June 30, 2018, three percent if the employee became an employee before July  
3.6 1, 2006, and 2.5 percent if the employee became an employee after June 30, 2006;

3.7 (ii) a rate that changes each month, beginning July 1, 2018, through June 30, 2023, which  
3.8 is determined by reducing the rate in item (i) to zero in equal monthly increments over the  
3.9 five-year period; and

3.10 (iii) after June 30, 2023, zero percent.

3.11 After June 30, 2023, actuarial equivalent, for the purpose of determining the reduced  
3.12 annuity commencing before normal retirement age under this clause, shall not take into  
3.13 account any augmentation.

3.14 (2) For covered employees who retire before July 1, 2018, the reduced annuity is the  
3.15 actuarial equivalent of the annuity that would be payable to the employee if the employee  
3.16 deferred receipt of the annuity until normal retirement age and the annuity amount were  
3.17 augmented at an annual rate of three percent, compounded annually, from the day the annuity  
3.18 begins to accrue until normal retirement age if the employee became an employee before  
3.19 July 1, 2006, and at an annual rate of 2.5 percent, compounded annually, from the day the  
3.20 annuity begins to accrue until the normal retirement age if the employee initially becomes  
3.21 became an employee after June 30, 2006.

3.22 **EFFECTIVE DATE.** This section is effective July 1, 2017.

3.23 Sec. 3. Minnesota Statutes 2016, section 352.22, subdivision 2, is amended to read:

3.24 Subd. 2. **Amount of refund.** Except as provided in subdivision 3, the refund payable  
3.25 to a person who ceased to be a state employee by reason of a termination of state service is  
3.26 an amount equal to employee accumulated contributions plus interest until the date on which  
3.27 the refund is paid, at the rate of following rates for the applicable period:

3.28 (a) six percent per year compounded daily from the date that the contribution was made  
3.29 until June 30, 2011, or until the date on which the refund is paid, whichever is earlier, and  
3.30 at the rate of;

4.1 (b) four percent per year compounded daily from the date that the contribution was made  
4.2 or from July 1, 2011, whichever is later, ~~until the date on which the refund is paid.~~ until  
4.3 June 30, 2017; and

4.4 (c) three percent per year compounded daily from the date that the contribution was  
4.5 made or July 1, 2017, whichever is later.

4.6 Included with the refund is any interest paid as part of repayment of a past refund, plus  
4.7 interest thereon from the date of repayment.

4.8 Sec. 4. Minnesota Statutes 2016, section 352.22, is amended by adding a subdivision to  
4.9 read:

4.10 Subd. 2b. Refund repayment. Any person who has received a refund from the state  
4.11 employees retirement plan, and who is a member of any of the retirement plans specified  
4.12 in section 356.311, paragraph (b), may repay the refund with interest to the state employees  
4.13 retirement plan. If a refund is repaid to the plan and more than one refund has been received  
4.14 from the plan, all refunds must be repaid. Repayment must be made as provided in section  
4.15 352.23, and under terms and conditions consistent with that section as agreed upon with  
4.16 the director.

4.17 EFFECTIVE DATE. This section is effective July 1, 2017.

4.18 Sec. 5. Minnesota Statutes 2016, section 352.22, subdivision 3, is amended to read:

4.19 Subd. 3. **Deferred annuity.** (a) An employee who has at least three years of allowable  
4.20 service if employed before July 1, 2010, or who has at least five years of allowable service  
4.21 if employed after June 30, 2010, when termination occurs may elect to leave the accumulated  
4.22 contributions in the fund and thereby be entitled to a deferred retirement annuity. The annuity  
4.23 must be computed under the law in effect when state service terminated, on the basis of the  
4.24 allowable service credited to the person before the termination of service.

4.25 (b) An employee on layoff or on leave of absence without pay, except a leave of absence  
4.26 for health reasons, and who does not return to state service must have an annuity, deferred  
4.27 annuity, or other benefit to which the employee may become entitled computed under the  
4.28 law in effect on the employee's last working day.

4.29 (c) No application for a deferred annuity may be made more than 60 days before the  
4.30 time the former employee reaches the required age for entitlement to the payment of the  
4.31 annuity. The deferred annuity begins to accrue no earlier than 60 days before the date the  
4.32 application is filed in the office of the system, but not (1) before the date on which the

5.1 employee reaches the required age for entitlement to the annuity nor (2) before the day  
5.2 following the termination of state service in a position which is not covered by the retirement  
5.3 system.

5.4 (d) Application for the accumulated contributions left on deposit with the fund may be  
5.5 made at any time following the date of the termination of service.

5.6 (e) Deferred annuities must be augmented as provided in ~~section 352.72, subdivision 2~~  
5.7 subdivision 3a.

5.8 **EFFECTIVE DATE.** This section is effective July 1, 2017.

5.9 Sec. 6. Minnesota Statutes 2016, section 352.22, is amended by adding a subdivision to  
5.10 read:

5.11 **Subd. 3a. Computation of deferred annuity.** (a) The deferred annuity, if any, accruing  
5.12 under subdivision 3, on the basis of allowable service before termination of state service  
5.13 and augmented by interest compounded annually from the first day of the month following  
5.14 the month in which the employee ceased to be a state employee, or July 1, 1971, whichever  
5.15 is later, to the effective date of retirement.

5.16 (b) For a person who became a state employee before July 1, 2006, the annuity must be  
5.17 augmented at the following rate or rates:

5.18 (1) five percent until January 1, 1981;

5.19 (2) three percent thereafter until January 1 of the year following the year in which the  
5.20 former employee attains age 55 or until January 1, 2012, whichever is earlier;

5.21 (3) five percent from the January 1 next following the attainment of age 55 until  
5.22 December 31, 2011;

5.23 (4) two percent from January 1, 2012, until December 31, 2017; and

5.24 (5) after December 31, 2017, the deferred annuity must not be augmented.

5.25 (c) For a person who became a state employee after June 30, 2006, the annuity must be  
5.26 augmented at the following rate or rates:

5.27 (1) 2.5 percent until December 31, 2011;

5.28 (2) two percent from January 1, 2012, until December 31, 2017; and

5.29 (3) after December 31, 2017, the deferred annuity must not be augmented.

6.1 (c) The retirement annuity or disability benefit of, or the survivor benefit payable on  
6.2 behalf of, a former state employee who terminated service before July 1, 1997, which is not  
6.3 first payable until after June 30, 1997, must be increased on an actuarial equivalent basis  
6.4 to reflect the change in the postretirement interest rate actuarial assumption under section  
6.5 356.215, subdivision 8, from five percent to six percent under a calculation procedure and  
6.6 the tables adopted by the board and approved by the actuary retained under section 356.214.

6.7 **EFFECTIVE DATE.** This section is effective July 1, 2017.

6.8 Sec. 7. Minnesota Statutes 2016, section 352B.08, is amended by adding a subdivision to  
6.9 read:

6.10 Subd. 2b. **Computation of deferred annuity.** (a) Deferred annuities must be computed  
6.11 according to this chapter on the basis of allowable service before termination of service and  
6.12 augmented by interest compounded annually from the first day of the month following the  
6.13 month in which the member terminated service, or July 1, 1971, whichever is later, to the  
6.14 effective date of retirement.

6.15 (b) For a person who became an employee before July 1, 2006, the annuity must be  
6.16 augmented at the following rate or rates:

6.17 (1) five percent until January 1, 1981;

6.18 (2) three percent from January 1, 1981, until December 31, 2011;

6.19 (3) two percent from January 1, 2012, until December 31, 2017; and

6.20 (4) after December 31, 2017, the deferred annuity must not be augmented.

6.21 (c) For a person who became an employee after June 30, 2006, the annuity must be  
6.22 augmented as follows:

6.23 (1) 2.5 percent until December 31, 2011;

6.24 (2) two percent from January 1, 2012, until December 31, 2017; and

6.25 (3) after December 31, 2017, the deferred annuity must not be augmented.

6.26 (d) The mortality table and interest assumption used to compute the annuity must be  
6.27 those in effect when the member files application for annuity.

6.28 **EFFECTIVE DATE.** This section is effective July 1, 2017.

7.1 Sec. 8. Minnesota Statutes 2016, section 352D.085, subdivision 1, is amended to read:

7.2 Subdivision 1. **Combined service.** Except as provided in section 356.30, 356.302, or  
 7.3 356.303, service under the unclassified program for which the employee has been credited  
 7.4 with employee shares may be used for the limited purpose of qualifying for benefits under  
 7.5 sections 352.115, ~~352.72, subdivision 1,~~ 352.113, 354.44, 354.45, 354.48, and ~~354.60~~  
 7.6 356.311. The service also may not be used to qualify for a disability benefit under section  
 7.7 352.113 or 354.48 if a participant was under the unclassified program at the time of the  
 7.8 disability. Also, the years of service and salary paid while the participant was in the  
 7.9 unclassified program may not be used in determining the amount of benefits.

7.10 **EFFECTIVE DATE.** This section is effective July 1, 2017.

7.11 Sec. 9. Minnesota Statutes 2016, section 490.121, subdivision 25, is amended to read:

7.12 Subd. 25. **Tier I.** "Tier I" is the benefit program of the retirement plan with a membership  
 7.13 specified by section 490.1221, paragraph (b), and governed by sections 356.415, ~~subdivisions~~  
 7.14 ~~1 and subdivision 1f;~~ and 490.121 to 490.133, except as modified in sections 490.121,  
 7.15 subdivision 21f, paragraph (b); 490.1222; 490.123, subdivision 1a, paragraph (b); and  
 7.16 490.124, subdivision 1, paragraphs (c) and (d).

7.17 **EFFECTIVE DATE.** This section is effective July 1, 2017.

7.18 Sec. 10. Minnesota Statutes 2016, section 490.121, subdivision 26, is amended to read:

7.19 Subd. 26. **Tier II.** "Tier II" is the benefit program of the retirement plan with a  
 7.20 membership specified by section 490.1221, paragraph (c), and governed by sections 356.415,  
 7.21 ~~subdivisions 1 and subdivision 1f;~~ 490.121 to 490.133, as modified in section 490.121,  
 7.22 subdivision 21f, paragraph (b); 490.1222; 490.123, subdivision 1a, paragraph (b); and  
 7.23 490.124, subdivision 1, paragraphs (c) and (d).

7.24 **EFFECTIVE DATE.** This section is effective July 1, 2017.

7.25 Sec. 11. **REPEALER.**

7.26 Minnesota Statutes 2016, sections 3A.12; 352.045; 352.72; and 352B.30, are repealed.

7.27 **EFFECTIVE DATE.** This section is effective July 1, 2017.

## 7.28 **ARTICLE 2**

### 7.29 **PUBLIC EMPLOYEES RETIREMENT ASSOCIATION**

7.30 Section 1. Minnesota Statutes 2016, section 353.30, subdivision 5, is amended to read:

8.1 Subd. 5. **Actuarial reduction for early retirement.** (a) This subdivision applies to a  
8.2 member who has become at least 55 years old and first became a public employee after  
8.3 June 30, 1989, and to any other member who has become at least 55 years old and whose  
8.4 annuity is higher when calculated under section 353.29, subdivision 3, paragraph (b), in  
8.5 conjunction with this subdivision than when calculated under section 353.29, subdivision  
8.6 3, paragraph (a), in conjunction with subdivision 1, 1a, 1b, or 1c. An employee who retires  
8.7 before normal retirement age shall be paid the retirement annuity provided in section 353.29,  
8.8 subdivision 3, paragraph (b), reduced ~~so that~~ as described in paragraph (b) or (c), as  
8.9 applicable.

8.10 (b) For members who retire on or after July 1, 2018, the reduced annuity is the actuarial  
8.11 equivalent of the annuity that would be payable to the employee if the employee deferred  
8.12 receipt of the annuity until normal retirement age and the annuity amount were augmented  
8.13 at an the applicable annual rate of three percent<sub>2</sub>, compounded annually<sub>2</sub>, from the day the  
8.14 annuity begins to accrue until the normal retirement age. The applicable annual rate is the  
8.15 rate in effect on the employee's effective date of retirement and shall be considered as fixed  
8.16 for the employee for the period until the employee reaches normal retirement age. The  
8.17 applicable annual rates are the following:

8.18 (i) until June 30, 2018, three percent if the employee became an employee before July  
8.19 1, 2006, and 2.5 percent if the employee became an employee after June 30, 2006;

8.20 (ii) a rate that changes each month, beginning July 1, 2018, through June 30, 2023, which  
8.21 is determined by reducing the rate in item (i) to zero in equal monthly increments over the  
8.22 five-year period; and

8.23 (iii) after June 30, 2023, zero percent.

8.24 After June 30, 2023, actuarial equivalent, for the purpose of determining the reduced  
8.25 annuity commencing before normal retirement age under this paragraph, shall not take into  
8.26 account any augmentation.

8.27 (c) For members who retire before July 1, 2018, the reduced annuity is the actuarial  
8.28 equivalent of the annuity that would be payable to the employee if the employee deferred  
8.29 receipt of the annuity until normal retirement age and the annuity amount were augmented  
8.30 at an annual rate of three percent, compounded annually, from the day the annuity begins  
8.31 to accrue until normal retirement age if the employee became an employee before July 1,  
8.32 2006, and at 2.5 percent<sub>2</sub>, compounded annually<sub>2</sub>, from the day the annuity begins to accrue  
8.33 until the normal retirement age if the employee ~~initially becomes~~ became an employee after  
8.34 June 30, 2006.



9.1 **EFFECTIVE DATE.** This section is effective for reduced annuities with an annuity  
9.2 starting date that is on or after July 1, 2018, notwithstanding the member's date of termination  
9.3 of public service.

9.4 Sec. 2. Minnesota Statutes 2016, section 353.34, subdivision 2, is amended to read:

9.5 Subd. 2. **Refund with interest.** (a) Except as provided in subdivision 1, any person who  
9.6 ceases to be a public employee is entitled to receive a refund in an amount equal to  
9.7 accumulated deductions with annual compound interest to the first day of the month in  
9.8 which the refund is processed.

9.9 (b) Annual compound interest on a refund under paragraph (a) shall be as follows:

9.10 (i) for a person who ceases to be a public employee before July 1, 2011, the refund  
9.11 interest is at the rate of six percent to June 30, 2011, at the rate of four percent after June  
9.12 30, 2011, to June 30, 2017, and at the rate of ~~four~~ three percent after June 30, 2017;

9.13 (ii) For a person who ceases to be a public employee after ~~July 1~~ June 30, 2011, and  
9.14 before July 1, 2017, the refund interest is at the rate of four percent: to June 30, 2017, and  
9.15 at the rate of three percent after June 30, 2017; and

9.16 (iii) For a person who ceases to be a public employee after June 30, 2017, the refund  
9.17 interest is at the rate of three percent.

9.18 (c) If a person repays a refund and subsequently applies for another refund, the repayment  
9.19 amount, including interest, is added to the fiscal year balance in which the repayment was  
9.20 made.

9.21 (d) If the refund payable to a member is based on employee deductions that are  
9.22 determined to be invalid under section 353.27, subdivision 7, the interest payable on the  
9.23 invalid employee deductions is four percent.

9.24 **EFFECTIVE DATE.** This section is effective July 1, 2017.

9.25 Sec. 3. Minnesota Statutes 2016, section 353.34, subdivision 3, is amended to read:

9.26 Subd. 3. **Deferred annuity; eligibility; computation.** (a) A member who is vested  
9.27 under section 353.01, subdivision 47, when termination of public service or termination of  
9.28 membership occurs has the option of leaving the accumulated deductions in the fund and  
9.29 being entitled to a deferred retirement annuity commencing at normal retirement age or to  
9.30 a deferred early retirement annuity under section 353.30, subdivision 1a, 1b, 1c, or 5.

10.1 (b) The deferred annuity must be computed under section 353.29, subdivision 3, on the  
10.2 basis of the law in effect on the date of termination of public service or termination of  
10.3 membership, whichever is earlier, and must be augmented as provided in ~~section 353.71,~~  
10.4 subdivision 2 paragraph (c).

10.5 (c) The deferred annuity accruing under subdivision 3, section 353.68, subdivision 4,  
10.6 or section 356.311, must be computed on the basis of allowable service prior to the  
10.7 termination of public service and augmented by interest compounded annually from the  
10.8 first day of the month following the month in which the former member ceased to be a  
10.9 public employee, or July 1, 1971, whichever is later, to the effective date of retirement.

10.10 (d) For a person who became a public employee before July 1, 2006, and who has a  
10.11 termination of public service before January 1, 2012, the deferred annuity must be augmented  
10.12 at the following rate or rates:

10.13 (1) five percent until January 1, 1981;

10.14 (2) three percent from January 1, 1981, until January 1 of the year following the year in  
10.15 which the former member attains age 55 or until December 31, 2011, whichever is earlier;

10.16 (3) five percent from January 1 of the year following the year in which the former member  
10.17 attains age 55, or until December 31, 2011, whichever is earlier;

10.18 (4) one percent from January 1, 2012, until December 31, 2017; and

10.19 (5) after December 31, 2017, the deferred annuity must not be augmented.

10.20 (e) For a person who became a public employee after June 30, 2006, and who has a  
10.21 termination of public service before January 1, 2012, the deferred annuity must be augmented  
10.22 at the following rate or rates:

10.23 (1) 2.5 percent until December 31, 2011;

10.24 (2) one percent from January 1, 2012, until December 31, 2017; and

10.25 (3) after December 31, 2017, the deferred annuity must not be augmented.

10.26 (f) For a person who has a termination of public service after December 31, 2011, the  
10.27 deferred annuity must not be augmented.

10.28 (g) The retirement annuity or disability benefit of, or the survivor benefit payable on  
10.29 behalf of, a former member who terminated service before July 1, 1997, or the survivor  
10.30 benefit payable on behalf of a basic or police and fire member who was receiving disability  
10.31 benefits before July 1, 1997, which is first payable after June 30, 1997, must be increased  
10.32 on an actuarial equivalent basis to reflect the change in the postretirement interest rate

11.1 actuarial assumption under section 356.215, subdivision 8, from five percent to six percent  
 11.2 under a calculation procedure and tables adopted by the board and approved by the actuary  
 11.3 retained under section 356.214.

11.4 ~~(e)~~ (h) A former member qualified to apply for a deferred retirement annuity may revoke  
 11.5 this option at any time before the commencement of deferred annuity payments by making  
 11.6 application for a refund. The person is entitled to a refund of accumulated member  
 11.7 contributions within 30 days following date of receipt of the application by the executive  
 11.8 director.

11.9 **EFFECTIVE DATE.** This section is effective July 1, 2017.

11.10 Sec. 4. **REPEALER.**

11.11 Minnesota Statutes 2016, sections 353.27, subdivision 3b; and 353.71, are repealed.

11.12 **EFFECTIVE DATE.** This section is effective July 1, 2017.

### 11.13 **ARTICLE 3**

#### 11.14 **TEACHERS RETIREMENT ASSOCIATION**

11.15 Section 1. Minnesota Statutes 2016, section 354.436, subdivision 3, is amended to read:

11.16 Subd. 3. **Aid expiration.** The aid amounts specified in this section terminate and this  
 11.17 section expires on the October 1 next following ~~the later of the following dates: (1) when~~  
 11.18 the date on which the current assets of the Teachers Retirement Association fund equal or  
 11.19 exceed the actuarial accrued liabilities of the fund as determined in the most recent actuarial  
 11.20 valuation report for the Teachers Retirement Association fund by the actuary retained under  
 11.21 section 356.214; ~~or (2) when the member and employer contribution rates are first determined~~  
 11.22 ~~to be eligible for a reduction under section 354.42, subdivisions 4a, 4b, 4c, and 4d.~~

11.23 **EFFECTIVE DATE.** This section is effective July 1, 2017.

11.24 Sec. 2. Minnesota Statutes 2016, section 354.44, subdivision 6, is amended to read:

11.25 Subd. 6. **Computation of formula program retirement annuity.** (a) The formula  
 11.26 retirement annuity must be computed in accordance with the applicable provisions of the  
 11.27 formulas stated in paragraph (b) or (d) on the basis of each member's average salary under  
 11.28 section 354.05, subdivision 13a, for the period of the member's formula service credit.

11.29 (b) This paragraph, in conjunction with paragraph (c), applies to a person who first  
 11.30 became a member of the association or a member of a pension fund listed in section 356.30,

12.1 subdivision 3, before July 1, 1989, unless paragraph (d), in conjunction with paragraph (e),  
 12.2 produces a higher annuity amount, in which case paragraph (d) applies. The average salary  
 12.3 as defined in section 354.05, subdivision 13a, multiplied by the following percentages per  
 12.4 year of formula service credit shall determine the amount of the annuity to which the member  
 12.5 qualifying therefor is entitled for service rendered before July 1, 2006:

| 12.6  | Period               | Coordinated Member   | Basic Member         |
|-------|----------------------|----------------------|----------------------|
| 12.7  | Each year of service | 1.2 percent per year | 2.2 percent per year |
| 12.8  | during first ten     |                      |                      |
| 12.9  | Each year of service | 1.7 percent per year | 2.7 percent per year |
| 12.10 | thereafter           |                      |                      |

12.11 For service rendered on or after July 1, 2006, by a member other than a member who  
 12.12 was a member of the former Duluth Teachers Retirement Fund Association between January  
 12.13 1, 2006, and June 30, 2015, and for service rendered on or after July 1, 2013, by a member  
 12.14 who was a member of the former Duluth Teachers Retirement Fund Association between  
 12.15 January 1, 2013, and June 30, 2015, the average salary as defined in section 354.05,  
 12.16 subdivision 13a, multiplied by the following percentages per year of service credit, determines  
 12.17 the amount the annuity to which the member qualifying therefor is entitled:

| 12.18 | Period                     | Coordinated Member   | Basic Member         |
|-------|----------------------------|----------------------|----------------------|
| 12.19 | Each year of service       | 1.4 percent per year | 2.2 percent per year |
| 12.20 | during first ten           |                      |                      |
| 12.21 | Each year of service after | 1.9 percent per year | 2.7 percent per year |
| 12.22 | ten years of service       |                      |                      |

12.23 (c)(i) This paragraph applies only to a person who first became a member of the  
 12.24 association or a member of a pension fund listed in section 356.30, subdivision 3, before  
 12.25 July 1, 1989, and whose annuity is higher when calculated under paragraph (b), in conjunction  
 12.26 with this paragraph than when calculated under paragraph (d), in conjunction with paragraph  
 12.27 (e).

12.28 (ii) Where any member retires prior to normal retirement age under a formula annuity,  
 12.29 the member shall be paid a retirement annuity in an amount equal to the normal annuity  
 12.30 provided in paragraph (b) reduced by one-quarter of one percent for each month that the  
 12.31 member is under normal retirement age at the time of retirement except that for any member  
 12.32 who has 30 or more years of allowable service credit, the reduction shall be applied only  
 12.33 for each month that the member is under age 62.

12.34 (iii) Any member whose attained age plus credited allowable service totals 90 years is  
 12.35 entitled, upon application, to a retirement annuity in an amount equal to the normal annuity  
 12.36 provided in paragraph (b), without any reduction by reason of early retirement.

13.1 (d) This paragraph applies to a member who has become at least 55 years old and first  
13.2 became a member of the association after June 30, 1989, and to any other member who has  
13.3 become at least 55 years old and whose annuity amount when calculated under this paragraph  
13.4 and in conjunction with paragraph (e), is higher than it is when calculated under paragraph  
13.5 (b), in conjunction with paragraph (c). For a basic member, the average salary, as defined  
13.6 in section 354.05, subdivision 13a, multiplied by 2.7 percent for each year of service for a  
13.7 basic member determines the amount of the retirement annuity to which the basic member  
13.8 is entitled. The annuity of a basic member who was a member of the former Minneapolis  
13.9 Teachers Retirement Fund Association as of June 30, 2006, must be determined according  
13.10 to the annuity formula under the articles of incorporation of the former Minneapolis Teachers  
13.11 Retirement Fund Association in effect as of that date. For a coordinated member, the average  
13.12 salary, as defined in section 354.05, subdivision 13a, multiplied by 1.7 percent for each  
13.13 year of service rendered before July 1, 2006, and by 1.9 percent for each year of service  
13.14 rendered on or after July 1, 2006, for a member other than a member who was a member  
13.15 of the former Duluth Teachers Retirement Fund Association between January 1, 2006, and  
13.16 June 30, 2015, and by 1.9 percent for each year of service rendered on or after July 1, 2013,  
13.17 for a member of the former Duluth Teachers Retirement Fund Association between January  
13.18 1, 2013, and June 30, 2015, determines the amount of the retirement annuity to which the  
13.19 coordinated member is entitled.

13.20 (e) This paragraph applies to a person who has become at least 55 years old and first  
13.21 becomes a member of the association after June 30, 1989, and to any other member who  
13.22 has become at least 55 years old and whose annuity is higher when calculated under  
13.23 paragraph (d) in conjunction with this paragraph than when calculated under paragraph (b),  
13.24 in conjunction with paragraph (c). An employee who retires under the formula annuity  
13.25 before the normal retirement age shall be paid the normal annuity provided in paragraph  
13.26 (d) reduced ~~so that~~ as described in clause (1) or (2), as applicable. Except in regards to  
13.27 section 354.46 and paragraph (g), this paragraph remains in effect until June 30, 2015.

13.28 (1) for employees who retire on or after July 1, 2018, the reduced annuity is the actuarial  
13.29 equivalent of the annuity that would be payable to the employee if the employee deferred  
13.30 receipt of the annuity until normal retirement age and the annuity amount were augmented  
13.31 at an the applicable annual rate of three percent, compounded annually, from the day the  
13.32 annuity begins to accrue until the normal retirement age. The applicable annual rate is the  
13.33 rate in effect on the employee's effective date of retirement and shall be considered as fixed  
13.34 for the employee for the period until the employee reaches normal retirement age. The  
13.35 applicable annual rates are the following:

14.1 (i) until June 30, 2018, three percent if the employee became an employee before July  
14.2 1, 2006, and 2.5 percent if the employee became an employee after June 30, 2006;

14.3 (ii) a rate that changes each month, beginning July 1, 2018, through June 30, 2023, which  
14.4 is determined by reducing the rate in item (i) to zero in equal monthly increments over the  
14.5 five-year period; and

14.6 (iii) after June 30, 2023, zero percent.

14.7 After June 30, 2023, actuarial equivalent, for the purpose of determining the reduced  
14.8 annuity commencing before normal retirement age under this clause, shall not take into  
14.9 account any augmentation.

14.10 (2) for members who retire before July 1, 2018, the reduced annuity is the actuarial  
14.11 equivalent of the annuity that would be payable to the employee if the employee deferred  
14.12 receipt of the annuity until normal retirement age and the annuity amount were augmented  
14.13 at an annual rate of three percent, compounded annually, from the day the annuity begins  
14.14 to accrue until normal retirement age if the employee became an employee before July 1,  
14.15 2006, and at 2.5 percent<sub>2</sub> compounded annually, from the day the annuity begins to accrue  
14.16 until normal retirement age if the employee becomes became an employee after June 30,  
14.17 2006. Except in regards to section 354.46, this paragraph remains in effect until June 30,  
14.18 2015.

14.19 (f) After June 30, 2020, this paragraph applies to a person who has become at least 55  
14.20 years old and first becomes a member of the association after June 30, 1989, and to any  
14.21 other member who has become at least 55 years old and whose annuity is higher when  
14.22 calculated under paragraph (d) in conjunction with this paragraph than when calculated  
14.23 under paragraph (b) in conjunction with paragraph (c). An employee who retires under the  
14.24 formula annuity before the normal retirement age is entitled to receive the normal annuity  
14.25 provided in paragraph (d) reduced as described in clause (1) or (2), as applicable.

14.26 ~~For a person who~~ (1) if the member retires when the member is at least age 62 or older  
14.27 and has at least 30 years of service, the annuity must be reduced by an early reduction factor  
14.28 of six percent per year of the annuity that would be payable to the employee if the employee  
14.29 deferred receipt of the annuity and the annuity amount were augmented at an annual rate  
14.30 of three percent<sub>2</sub> compounded annually<sub>2</sub> from the day the annuity begins to accrue until the  
14.31 normal retirement age if the employee became an employee before July 1, 2006, and at 2.5  
14.32 percent compounded annually if the employee became an employee after June 30, 2006.  
14.33 ~~For a person who~~

15.1 The applicable annual rate is the rate in effect on the employee's effective date of  
15.2 retirement and shall be considered as fixed for the employee for the period until the employee  
15.3 reaches normal retirement age. The applicable annual rates are the following:

15.4 (2) if the member retires when the member is not at least younger than age 62 or older  
15.5 and does not have at least or with fewer than 30 years of service, the annuity would must  
15.6 be reduced by an early reduction factor of for each year that the member's age of retirement  
15.7 precedes normal retirement age. The early reduction factors are four percent per year for  
15.8 ages 55 through 59 and seven percent per year for ages 60 through 65. of The resulting  
15.9 annuity that would be payable to the employee must be further adjusted to take into account  
15.10 augmentation as if the employee deferred receipt of the annuity until normal retirement age  
15.11 and the annuity amount were augmented at an the applicable annual rate of three percent,  
15.12 compounded annually, from the day the annuity begins to accrue until the normal retirement  
15.13 age if the employee became an employee before July 1, 2006, and at 2.5 percent compounded  
15.14 annually if the employee became an employee after June 30, 2006. The applicable annual  
15.15 rate is the rate in effect on the employee's effective date of retirement and shall be considered  
15.16 as fixed for the employee for the period until the employee reaches normal retirement age.  
15.17 The applicable annual rates are the following:

15.18 (i) until June 30, 2018, three percent if the employee became an employee before July  
15.19 1, 2006, and 2.5 percent if the employee became an employee after June 30, 2006;

15.20 (ii) a rate that changes each month, beginning July 1, 2018, through June 30, 2023, which  
15.21 is determined by reducing the rate in item (i) to zero in equal monthly increments over the  
15.22 five-year period; and

15.23 (iii) after June 30, 2023, zero percent.

15.24 After June 30, 2023, the reduced annuity commencing before normal retirement age  
15.25 under this clause shall not take into account any augmentation.

15.26 (g) After June 30, 2015, and before July 1, 2020, for a person who would have a reduced  
15.27 retirement annuity under either paragraph (e) or (f) if they were applicable, the employee  
15.28 is entitled to receive a reduced annuity which must be calculated using a blended reduction  
15.29 factor augmented monthly by 1/60 of the difference between the reduction required under  
15.30 paragraph (e) and the reduction required under paragraph (f).

15.31 (h) No retirement annuity is payable to a former employee with a salary that exceeds 95  
15.32 percent of the governor's salary unless and until the salary figures used in computing the  
15.33 highest five successive years average salary under paragraph (a) have been audited by the

16.1 Teachers Retirement Association and determined by the executive director to comply with  
16.2 the requirements and limitations of section 354.05, subdivisions 35 and 35a.

16.3 **EFFECTIVE DATE.** This section is effective July 1, 2017.

16.4 Sec. 3. Minnesota Statutes 2016, section 354.49, subdivision 2, is amended to read:

16.5 Subd. 2. **Calculation.** (a) Except as provided in section 354.44, subdivision 1, any person  
16.6 who ceases to be a member by reason of termination of teaching service, is entitled to receive  
16.7 a refund in an amount equal to the accumulated deductions credited to the account plus  
16.8 interest compounded annually using the following interest rates:

16.9 (1) before July 1, 1957, no interest accrues;

16.10 (2) July 1, 1957, to June 30, 2011, six percent; ~~and~~

16.11 (3) ~~after June 30~~ July 1, 2011, to June 30, 2017, four percent; and

16.12 (4) after June 30, 2017, three percent.

16.13 For the purpose of this subdivision, interest must be computed on fiscal year end balances  
16.14 to the first day of the month in which the refund is issued.

16.15 (b) If the person has received permanent disability payments under section 354.48, the  
16.16 refund amount must be reduced by the amount of those payments.

16.17 Sec. 4. Minnesota Statutes 2016, section 354.55, subdivision 11, is amended to read:

16.18 Subd. 11. **Deferred annuity; augmentation.** (a) Any person covered under section  
16.19 354.44, subdivision 6, who ceases to render teaching service, may leave the person's  
16.20 accumulated deductions in the fund for the purpose of receiving a deferred annuity at  
16.21 retirement.

16.22 (b) The amount of the deferred retirement annuity is determined by section 354.44,  
16.23 subdivision 6, and must be augmented as provided in this subdivision. ~~The required reserves~~  
16.24 ~~for the annuity which had accrued when the member ceased to render teaching service must~~  
16.25 ~~be augmented, as further specified in this subdivision,~~ by the applicable interest rate  
16.26 compounded annually from the first day of the month following the month during which  
16.27 the member ceased to render teaching service to the effective date of retirement.

16.28 (c) No augmentation is ~~not~~ creditable if the deferral period is less than three months or  
16.29 if deferral commenced before July 1, 1971.



17.1 (d) For persons who became covered employees before July 1, 2006, ~~with a deferral~~  
17.2 ~~period commencing after June 30, 1971,~~ the annuity must be augmented as follows:

17.3 (1) five percent ~~interest compounded annually~~ until January 1, 1981;

17.4 (2) three percent ~~interest compounded annually~~ from January 1, 1981, until January 1  
17.5 of the year following the year in which the deferred annuitant attains age 55 or until June  
17.6 30, 2012, whichever is earlier;

17.7 (3) five percent ~~interest compounded annually~~ from the date established in clause (2) to  
17.8 ~~the effective date of retirement or until June 30, 2012, whichever is earlier;~~ and

17.9 (4) two percent ~~interest compounded annually after June 30, 2012~~ from July 1, 2012,  
17.10 until June 30, 2018; and

17.11 (5) after June 30, 2018, the deferred annuity must not be augmented.

17.12 (e) For persons who become covered employees after June 30, 2006, the ~~interest rate~~  
17.13 ~~used to augment the deferred annuity is~~ must be augmented as follows:

17.14 (1) 2.5 percent ~~interest compounded annually~~ until June 30, 2012, ~~or until the effective~~  
17.15 ~~date of retirement, whichever is earlier, and;~~

17.16 (2) two percent ~~interest compounded annually after June 30~~ from July 1, 2012, until  
17.17 June 30, 2018; and

17.18 (3) after June 30, 2018, the deferred annuity must not be augmented.

17.19 (f) ~~If a person has more than one period of uninterrupted service, a separate average~~  
17.20 ~~salary determined under section 354.44, subdivision 6, must be used for each period and~~  
17.21 ~~the required reserves related to each period must be augmented as specified in this~~  
17.22 ~~subdivision. The sum of the augmented required reserves is the present value of the annuity.~~  
17.23 ~~For the purposes of this subdivision, "period of uninterrupted service" means a period of~~  
17.24 ~~covered teaching service during which the member has not been separated from active~~  
17.25 ~~service for more than one fiscal year.~~

17.26 (g) ~~If a person repays a refund, the service restored by the repayment must be considered~~  
17.27 ~~as continuous with the next period of service for which the person has allowable service~~  
17.28 ~~credit in the Teachers Retirement Association.~~

17.29 (h) ~~If a person does not render teaching service in any one fiscal year or more consecutive~~  
17.30 ~~fiscal years and then resumes teaching service, the formula percentages used from the date~~  
17.31 ~~of the resumption of teaching service must be those applicable to new members.~~

18.1 ~~(i) The mortality table and interest rate actuarial assumption used to compute the annuity~~  
18.2 ~~must be the applicable mortality table established by the board under section 354.07,~~  
18.3 ~~subdivision 1, and the interest rate actuarial assumption under section 356.215 in effect~~  
18.4 ~~when the member retires.~~

18.5 ~~(j) (f)~~ In no case may the annuity payable under this subdivision be less than the amount  
18.6 of annuity payable under section 354.44, subdivision 6.

18.7 ~~(k) (g)~~ The requirements and provisions for retirement before normal retirement age  
18.8 contained in section 354.44, subdivision 6, also apply to an employee fulfilling the  
18.9 requirements with a combination of service as provided in section ~~354.60~~ 356.311.

18.10 ~~(l) (h)~~ The augmentation provided by this subdivision applies to the benefit provided in  
18.11 section 354.46, subdivision 2.

18.12 ~~(m) (i)~~ The augmentation provided by this subdivision does not apply to any period in  
18.13 which a person is on an approved leave of absence from an employer unit covered by the  
18.14 provisions of this chapter.

18.15 ~~(n) (j)~~ The retirement annuity or disability benefit of, or the survivor benefit payable on  
18.16 behalf of, a former teacher who terminated service before July 1, 1997, which is not first  
18.17 payable until after June 30, 1997, must be increased on an actuarial equivalent basis to  
18.18 reflect the change in the postretirement interest rate actuarial assumption under section  
18.19 356.215, subdivision 8, from five percent to six percent under a calculation procedure and  
18.20 tables adopted by the board as recommended by an approved actuary and approved by the  
18.21 actuary retained under section 356.214.

18.22 **EFFECTIVE DATE.** This section is effective July 1, 2017.

18.23 Sec. 5. **REPEALER.**

18.24 Minnesota Statutes 2016, sections 354.42, subdivisions 4a, 4b, 4c, and 4d; and 354.60,  
18.25 are repealed.

18.26 **EFFECTIVE DATE.** This section is effective July 1, 2017.

## 18.27 **ARTICLE 4**

### 18.28 **ST. PAUL TEACHERS RETIREMENT FUND ASSOCIATION**

18.29 Section 1. Minnesota Statutes 2016, section 354A.011, subdivision 3a, is amended to read:

18.30 Subd. 3a. **Actuarial equivalent.** "Actuarial equivalent" means the condition of one  
18.31 annuity or benefit having an equal actuarial present value as another annuity or benefit,

19.1 determined as of a given date with each actuarial present value based on the appropriate  
19.2 mortality table adopted by the appropriate board of trustees based on the experience of that  
19.3 retirement fund association as recommended by the actuary retained under section 356.214,  
19.4 and approved under section 356.215, subdivision 18, and using the applicable ~~preretirement~~  
19.5 ~~or postretirement interest rate~~ investment return assumption specified in section 356.215,  
19.6 subdivision 8.

19.7 **EFFECTIVE DATE.** This section is effective July 1, 2017.

19.8 Sec. 2. Minnesota Statutes 2016, section 354A.29, subdivision 7, is amended to read:

19.9 Subd. 7. **Eligibility for payment of Postretirement adjustments.** ~~(a) Annually, after~~  
19.10 ~~June 30, the board of trustees of the St. Paul Teachers Retirement Fund Association must~~  
19.11 ~~determine the amount of any postretirement adjustment using the procedures in this~~  
19.12 ~~subdivision and subdivision 8 or 9, whichever is applicable.~~

19.13 ~~(b) On January 1~~ (a) Except as set forth in paragraph (c), each person who has been  
19.14 receiving an annuity or benefit under the articles of incorporation, the bylaws, or this chapter,  
19.15 whose effective date of benefit commencement occurred on or before July 1 of the calendar  
19.16 year immediately before the adjustment, is eligible to receive a an annual postretirement  
19.17 increase as specified in subdivision 8 or 9. adjustment, effective as of each January 1, as  
19.18 follows:

19.19 (1) There shall be no postretirement adjustment on January 1, 2018, and January 1, 2019;

19.20 (2) The postretirement adjustment shall be one percent on January 1, 2020, and each  
19.21 January 1 thereafter.

19.22 (b) The amount determined under paragraph (a), clause (2), is the full postretirement  
19.23 adjustment to be applied as a permanent increase to the regular payment of each eligible  
19.24 member on January 1 of the next calendar year. For any eligible member whose effective  
19.25 date of benefit commencement occurred after January 1 of the calendar year immediately  
19.26 before the postretirement adjustment is applied, the amount determined under paragraph  
19.27 (a), clause (2), must be reduced by 50 percent.

19.28 (c) Each person who retires on or after January 1, 2020, is entitled to an annual  
19.29 postretirement adjustment, effective as of each January 1, beginning with the year following  
19.30 the year in which the member attains normal retirement age.

19.31 **EFFECTIVE DATE.** This section is effective the day following final enactment.

20.1 Sec. 3. Minnesota Statutes 2016, section 354A.31, subdivision 7, is amended to read:

20.2 Subd. 7. **Reduction for early retirement.** (a) This subdivision applies to a person who  
20.3 has become at least 55 years old and first becomes a coordinated member after June 30,  
20.4 1989, and to any other coordinated member who has become at least 55 years old and whose  
20.5 annuity is higher when calculated using the retirement annuity formula percentage in  
20.6 subdivision 4, paragraph (d), or subdivision 4a, paragraph (d), as applicable, in conjunction  
20.7 with this subdivision than when calculated under subdivision 4, paragraph (c), or subdivision  
20.8 4a, paragraph (c), in conjunction with subdivision 6. An employee who retires under the  
20.9 formula annuity before the normal retirement age shall be paid the normal annuity reduced  
20.10 as described in paragraph (b) if the person retires on or after July 1, 2018, or in paragraph  
20.11 (c) if the person retires before July 1, 2018, as applicable.

20.12 (b) A coordinated member who retires before the normal retirement age and on or after  
20.13 July 1, 2018, is entitled to receive a retirement annuity calculated using the retirement  
20.14 annuity formula percentage in subdivision 4, paragraph (d), or subdivision 4a, paragraph  
20.15 (d), whichever applies, reduced as described in clause (1) or (2), as applicable.

20.16 (1) if the member retires when the member is younger than age 62 or with fewer than  
20.17 30 years of service, the annuity must be reduced by an early reduction factor for each year  
20.18 that the member's age of retirement precedes normal retirement age. The early reduction  
20.19 factors are four percent per year for ages 55 through 59 and seven percent per year for ages  
20.20 60 through 65. The resulting annuity must be further adjusted to take into account  
20.21 augmentation as if the employee had deferred receipt of the annuity until normal retirement  
20.22 age and the annuity were augmented at the applicable annual rate, compounded annually,  
20.23 from the day the annuity begins to accrue until normal retirement age. The applicable annual  
20.24 rate is the rate in effect on the employee's effective date of retirement and shall be considered  
20.25 as fixed for the employee for the period until the employee reaches normal retirement age.  
20.26 The applicable annual rates are the following:

20.27 (i) until June 30, 2018, 2.5 percent;

20.28 (ii) a rate that changes each month, beginning July 1, 2018, through June 30, 2023, which  
20.29 is determined by reducing the rate in item (i) to zero in equal monthly increments over the  
20.30 five-year period; and

20.31 (iii) after June 30, 2023, zero percent.

20.32 After June 30, 2023, the reduced annuity commencing before normal retirement age  
20.33 under this clause shall not take into account any augmentation.

21.1 (2) If the member retires when the member is at least age 62 or older and has at least 30  
 21.2 years of service, the member is entitled to receive a retirement annuity calculated using the  
 21.3 retirement annuity formula percentage in subdivision 4, paragraph (d), or subdivision 4a,  
 21.4 paragraph (c), whichever applies, multiplied by the applicable early retirement factor  
 21.5 specified for members "Age 62 or older with 30 years of service" in the table in paragraph  
 21.6 (c).

21.7 (c) A coordinated member who retires before the normal retirement age and before July  
 21.8 1, 2018, is entitled to receive a retirement annuity calculated using the retirement annuity  
 21.9 formula percentage in subdivision 4, paragraph (d), or subdivision 4a, paragraph (d),  
 21.10 whichever applies, multiplied by the applicable early retirement factor specified below:

|       | Under age 62<br>or less than 30 years of service |        | Age 62 or older<br>with 30 years of service |        |        |
|-------|--------------------------------------------------|--------|---------------------------------------------|--------|--------|
| 21.11 |                                                  |        |                                             |        |        |
| 21.12 |                                                  |        |                                             |        |        |
| 21.13 | Normal retirement age:                           | 65     | 66                                          | 65     | 66     |
| 21.14 | Age at retirement                                |        |                                             |        |        |
| 21.15 | 55                                               | 0.5376 | 0.4592                                      |        |        |
| 21.16 | 56                                               | 0.5745 | 0.4992                                      |        |        |
| 21.17 | 57                                               | 0.6092 | 0.5370                                      |        |        |
| 21.18 | 58                                               | 0.6419 | 0.5726                                      |        |        |
| 21.19 | 59                                               | 0.6726 | 0.6062                                      |        |        |
| 21.20 | 60                                               | 0.7354 | 0.6726                                      |        |        |
| 21.21 | 61                                               | 0.7947 | 0.7354                                      |        |        |
| 21.22 | 62                                               | 0.8507 | 0.7947                                      | 0.8831 | 0.8389 |
| 21.23 | 63                                               | 0.9035 | 0.8507                                      | 0.9246 | 0.8831 |
| 21.24 | 64                                               | 0.9533 | 0.9035                                      | 0.9635 | 0.9246 |
| 21.25 | 65                                               | 1.0000 | 0.9533                                      | 1.0000 | 0.9635 |
| 21.26 | 66                                               |        | 1.0000                                      |        | 1.0000 |

21.27 For normal retirement ages between ages 65 and 66, the early retirement factors must  
 21.28 be determined by linear interpolation between the early retirement factors applicable for  
 21.29 normal retirement ages 65 and 66.

21.30 **EFFECTIVE DATE.** This section is effective July 1, 2017.

21.31 Sec. 4. Minnesota Statutes 2016, section 354A.37, subdivision 2, is amended to read:

21.32 Subd. 2. **Eligibility for deferred retirement annuity.** (a) Any coordinated member  
 21.33 who ceases to render teaching services for the school district in which the teachers retirement  
 21.34 fund association is located, with sufficient allowable service credit to meet the minimum

22.1 service requirements specified in section 354A.31, subdivision 1, shall be entitled to a  
22.2 deferred retirement annuity in lieu of a refund under subdivision 1.

22.3 (b) The deferred retirement annuity must be computed under section 354A.31 and shall  
22.4 be augmented as provided in this subdivision by the applicable interest rate compounded  
22.5 annually from the first day of the month following the month during which the member  
22.6 ceased to render teaching service to the effective date of retirement. There is no augmentation  
22.7 if this period is less than three months.

22.8 (c) The deferred annuity commences upon application after the person on deferred status  
22.9 attains at least the minimum age specified in section 354A.31, subdivision 1.

22.10 ~~(b) The monthly annuity amount that had accrued when the member ceased to render~~  
22.11 ~~teaching service must be augmented from the first day of the month following the month~~  
22.12 ~~during which the member ceased to render teaching service to the effective date of retirement.~~  
22.13 ~~There is no augmentation if this period is less than three months. The rate of augmentation~~  
22.14 ~~is~~

22.15 (d) For a person who became a covered employee before July 1, 2006, the annuity must  
22.16 be augmented as follows:

22.17 (1) three percent compounded annually until January 1 of the year following the year  
22.18 in which the former member attains age 55; or until June 30, 2012, whichever is earlier;

22.19 ~~(2) five percent compounded annually after that date to July 1~~ from the January 1, next  
22.20 following the attainment of age 55 or until June 30, 2012, and;

22.21 ~~(3) two percent compounded annually after that date to the effective date of retirement~~  
22.22 ~~if the employee became an employee before July 1, 2006, and at~~ from July 1, 2012, until  
22.23 June 30, 2018; and

22.24 (4) after June 30, 2018, the deferred annuity must not be augmented.

22.25 (e) For a person who became a covered employee after June 30, 2006, the annuity must  
22.26 be augmented as follows:

22.27 (1) 2.5 percent compounded annually to July 1, 2012, and until June 30, 2012;

22.28 ~~(2) two percent compounded annually after that date to the effective date of retirement~~  
22.29 ~~if the employee became an employee after June 30, 2006~~ from July 1, 2012, until June 30,  
22.30 2018; and

22.31 ~~. If a person has more than one period of uninterrupted service, a separate average salary~~  
22.32 ~~determined under section 354A.31 must be used for each period, and the monthly annuity~~

23.1 ~~amount related to each period must be augmented as provided in this subdivision. The sum~~  
 23.2 ~~of the augmented monthly annuity amounts determines the total deferred annuity payable.~~  
 23.3 ~~If a person repays a refund, the service restored by the repayment must be considered as~~  
 23.4 ~~continuous with the next period of service for which the person has credit with the fund. If~~  
 23.5 ~~a person does not render teaching services in any one fiscal year or more consecutive fiscal~~  
 23.6 ~~years and then resumes teaching service, the formula percentages used from the date of~~  
 23.7 ~~resumption of teaching service are those applicable to new members. The mortality table~~  
 23.8 ~~and interest assumption used to compute the annuity are the table established by the fund~~  
 23.9 ~~to compute other annuities, and the interest assumption under section 356.215 in effect~~  
 23.10 ~~when the member retires. A period of uninterrupted service for the purpose of this subdivision~~  
 23.11 ~~means a period of covered teaching service during which the member has not been separated~~  
 23.12 ~~from active service for more than one fiscal year.~~

23.13 (3) after June 30, 2018, the deferred annuity must not be augmented.

23.14 ~~(e)~~ (f) The augmentation provided by this subdivision applies to the benefit provided in  
 23.15 section 354A.35, subdivision 2.

23.16 (g) The augmentation provided by this subdivision does not apply to any period in which  
 23.17 a person is on an approved leave of absence from an employer unit.

23.18 **EFFECTIVE DATE.** This section is effective July 1, 2017.

23.19 Sec. 5. Minnesota Statutes 2016, section 354A.37, subdivision 3, is amended to read:

23.20 Subd. 3. **Computation of refund amount.** A former coordinated member who qualifies  
 23.21 for a refund under subdivision 1 is entitled to receive a refund equal to the amount of the  
 23.22 former coordinated member's accumulated employee contributions with interest at the ~~rate~~  
 23.23 ~~of~~ following rates for the applicable period:

23.24 (a) Six percent per annum compounded annually to July 1, 2011, ~~if the person is a former~~  
 23.25 ~~member of the St. Paul Teachers Retirement Fund Association, and;~~

23.26 (b) four percent per annum compounded annually to July 1, 2017; and

23.27 (c) three percent per annum compounded annually thereafter.

23.28 Sec. 6. **REPEALER.**

23.29 (a) Minnesota Statutes 2016, section 354A.29, subdivisions 8 and 9, are repealed.

23.30 (b) Minnesota Statutes 2016, section 354A.39, is repealed.

24.1 **EFFECTIVE DATE.** Paragraph (a) is effective the day following final enactment.

24.2 Paragraph (b) is effective July 1, 2017.

24.3 **ARTICLE 5**

24.4 **POSTRETIREMENT ADJUSTMENTS FOR STATEWIDE PLANS**  
24.5 **AND GENERAL PROVISIONS**

24.6 Section 1. Minnesota Statutes 2016, section 356.215, subdivision 8, is amended to read:

24.7 Subd. 8. ~~Interest and salary~~ Actuarial assumptions. (a) The actuarial valuation must  
24.8 use the applicable following ~~interest~~ investment return assumption:

24.9 ~~(1) select and ultimate interest rate assumption~~

| 24.10 |                                     | <del>ultimate interest rate</del> |
|-------|-------------------------------------|-----------------------------------|
| 24.11 | plan                                | <del>assumption</del>             |
| 24.12 | <del>teachers retirement plan</del> | <del>8.5%</del>                   |

24.13 ~~The select preretirement interest rate assumption for the period through June 30, 2017,~~  
24.14 ~~is eight percent.~~

24.15 ~~(2) single rate interest rate assumption~~

| 24.16 |                                                    | <del>interest rate</del>     |
|-------|----------------------------------------------------|------------------------------|
| 24.17 | plan                                               | <del>investment return</del> |
| 24.18 |                                                    | <del>assumption</del>        |
| 24.19 | general state employees retirement plan            | <u>8 7.5%</u>                |
| 24.20 | correctional state employees retirement plan       | <u>8 7.5</u>                 |
| 24.21 | State Patrol retirement plan                       | <u>8 7.5</u>                 |
| 24.22 | legislators retirement plan, and for the           | 0                            |
| 24.23 | constitutional officers calculation of total plan  |                              |
| 24.24 | liabilities                                        |                              |
| 24.25 | judges retirement plan                             | <u>8 7.5</u>                 |
| 24.26 | general public employees retirement plan           | <u>8 7.5</u>                 |
| 24.27 | public employees police and fire retirement plan   | <u>8 7.5</u>                 |
| 24.28 | local government correctional service retirement   | <u>8 7.5</u>                 |
| 24.29 | plan                                               |                              |
| 24.30 | <u>teachers retirement plan</u>                    | <u>7.5</u>                   |
| 24.31 | St. Paul teachers retirement plan                  | <u>87.5</u>                  |
| 24.32 | Bloomington Fire Department Relief Association     | 6                            |
| 24.33 | local monthly benefit volunteer firefighter relief | 5                            |
| 24.34 | associations                                       |                              |
| 24.35 | monthly benefit retirement plans in the statewide  | 6                            |
| 24.36 | volunteer firefighter retirement plan              |                              |



25.1 (b)(1) ~~If funding stability has been attained,~~ The actuarial valuation for each of the  
 25.2 covered retirement plans listed in section 356.415, subdivision 2, must ~~use a~~ take into account  
 25.3 the postretirement adjustment rate actuarial assumption equal to the postretirement adjustment  
 25.4 rate or rates applicable to the plan as specified in section 354A.27, subdivision 7; 354A.29,  
 25.5 subdivision 9 7; or 356.415, subdivision 1, whichever applies.

25.6 ~~(2) If funding stability has not been attained, the valuation must use a select postretirement~~  
 25.7 ~~adjustment rate actuarial assumption equal to the postretirement adjustment rate specified~~  
 25.8 ~~in section 354A.27, subdivision 6a; 354A.29, subdivision 8; or 356.415, subdivision 1a,~~  
 25.9 ~~1b, 1c, 1d, 1e, or 1f, whichever applies, for a period ending when the approved actuary~~  
 25.10 ~~estimates that the plan will attain the defined funding stability measure, and thereafter an~~  
 25.11 ~~ultimate postretirement adjustment rate actuarial assumption equal to the postretirement~~  
 25.12 ~~adjustment rate under section 354A.27, subdivision 7; 354A.29, subdivision 9; or 356.415,~~  
 25.13 ~~subdivision 1, for the applicable period or periods beginning when funding stability is~~  
 25.14 ~~projected to be attained.~~

25.15 (c) The actuarial valuation must use the applicable following single rate future salary  
 25.16 increase assumption, the applicable following modified single rate future salary increase  
 25.17 assumption, or the applicable following graded rate future salary increase assumption:

25.18 (1) single rate future salary increase assumption

| plan                                                 | future salary increase assumption |
|------------------------------------------------------|-----------------------------------|
| 25.19 legislators retirement plan                    | 5%                                |
| 25.20 judges retirement plan                         | 2.75                              |
| 25.21 Bloomington Fire Department Relief Association | 4                                 |

25.23 (2) age-related future salary increase age-related select and ultimate future salary increase  
 25.24 assumption or graded rate future salary increase assumption

| plan                                                        | future salary increase assumption |
|-------------------------------------------------------------|-----------------------------------|
| 25.25 local government correctional service retirement plan | assumption B                      |
| 25.26 St. Paul teachers retirement plan                     | assumption A                      |

25.28 For plans other than the St. Paul teachers  
 25.29 retirement plan and the local government  
 25.30 correctional service retirement plan, the select  
 25.31 calculation is: during the designated select  
 25.32 period, a designated percentage rate is  
 25.33 multiplied by the result of the designated  
 25.34 integer minus T, where T is the number of

26.1 completed years of service, and is added to  
 26.2 the applicable future salary increase  
 26.3 assumption. The designated select period is  
 26.4 ten years and the designated integer is ten for  
 26.5 the local government correctional service  
 26.6 retirement plan and 15 for the St. Paul  
 26.7 Teachers Retirement Fund Association. The  
 26.8 designated percentage rate is 0.2 percent for  
 26.9 the St. Paul Teachers Retirement Fund  
 26.10 Association.

26.11 The ultimate future salary increase assumption is:

| 26.12 | age | A    | B     |
|-------|-----|------|-------|
| 26.13 | 16  | 5.9% | 8.75% |
| 26.14 | 17  | 5.9  | 8.75  |
| 26.15 | 18  | 5.9  | 8.75  |
| 26.16 | 19  | 5.9  | 8.75  |
| 26.17 | 20  | 5.9  | 8.75  |
| 26.18 | 21  | 5.9  | 8.5   |
| 26.19 | 22  | 5.9  | 8.25  |
| 26.20 | 23  | 5.85 | 8     |
| 26.21 | 24  | 5.8  | 7.75  |
| 26.22 | 25  | 5.75 | 7.5   |
| 26.23 | 26  | 5.7  | 7.25  |
| 26.24 | 27  | 5.65 | 7     |
| 26.25 | 28  | 5.6  | 6.75  |
| 26.26 | 29  | 5.55 | 6.5   |
| 26.27 | 30  | 5.5  | 6.5   |
| 26.28 | 31  | 5.45 | 6.25  |
| 26.29 | 32  | 5.4  | 6.25  |
| 26.30 | 33  | 5.35 | 6.25  |
| 26.31 | 34  | 5.3  | 6     |
| 26.32 | 35  | 5.25 | 6     |
| 26.33 | 36  | 5.2  | 5.75  |
| 26.34 | 37  | 5.15 | 5.75  |
| 26.35 | 38  | 5.1  | 5.75  |
| 26.36 | 39  | 5.05 | 5.5   |
| 26.37 | 40  | 5    | 5.5   |

|       |    |      |      |
|-------|----|------|------|
| 27.1  | 41 | 4.95 | 5.5  |
| 27.2  | 42 | 4.9  | 5.25 |
| 27.3  | 43 | 4.85 | 5    |
| 27.4  | 44 | 4.8  | 5    |
| 27.5  | 45 | 4.75 | 4.75 |
| 27.6  | 46 | 4.7  | 4.75 |
| 27.7  | 47 | 4.65 | 4.75 |
| 27.8  | 48 | 4.6  | 4.75 |
| 27.9  | 49 | 4.55 | 4.75 |
| 27.10 | 50 | 4.5  | 4.75 |
| 27.11 | 51 | 4.45 | 4.75 |
| 27.12 | 52 | 4.4  | 4.75 |
| 27.13 | 53 | 4.35 | 4.75 |
| 27.14 | 54 | 4.3  | 4.75 |
| 27.15 | 55 | 4.25 | 4.5  |
| 27.16 | 56 | 4.2  | 4.5  |
| 27.17 | 57 | 4.15 | 4.25 |
| 27.18 | 58 | 4.1  | 4    |
| 27.19 | 59 | 4.05 | 4    |
| 27.20 | 60 | 4    | 4    |
| 27.21 | 61 | 4    | 4    |
| 27.22 | 62 | 4    | 4    |
| 27.23 | 63 | 4    | 4    |
| 27.24 | 64 | 4    | 4    |
| 27.25 | 65 | 4    | 3.75 |
| 27.26 | 66 | 4    | 3.75 |
| 27.27 | 67 | 4    | 3.75 |
| 27.28 | 68 | 4    | 3.75 |
| 27.29 | 69 | 4    | 3.75 |
| 27.30 | 70 | 4    | 3.75 |

27.31 (3) service-related ultimate future salary increase assumption

|       |                                                          |              |
|-------|----------------------------------------------------------|--------------|
| 27.32 | general state employees retirement plan of the Minnesota | assumption A |
| 27.33 | State Retirement System                                  |              |
| 27.34 | general employees retirement plan of the Public          | assumption B |
| 27.35 | Employees Retirement Association                         |              |
| 27.36 | Teachers Retirement Association                          | assumption C |
| 27.37 | public employees police and fire retirement plan         | assumption D |
| 27.38 | State Patrol retirement plan                             | assumption E |

| 28.1  | correctional state employees retirement plan of the |        |        |      |        |       | assumption F |
|-------|-----------------------------------------------------|--------|--------|------|--------|-------|--------------|
| 28.2  | Minnesota State Retirement System                   |        |        |      |        |       |              |
| 28.3  | service                                             |        |        |      |        |       |              |
| 28.4  | length                                              | A      | B      | C    | D      | E     | F            |
| 28.5  | 1                                                   | 10.25% | 11.78% | 12%  | 12.75% | 7.75% | 5.75%        |
| 28.6  | 2                                                   | 7.85   | 8.65   | 9    | 10.75  | 7.25  | 5.6          |
| 28.7  | 3                                                   | 6.65   | 7.21   | 8    | 8.75   | 6.75  | 5.45         |
| 28.8  | 4                                                   | 5.95   | 6.33   | 7.5  | 7.75   | 6.5   | 5.3          |
| 28.9  | 5                                                   | 5.45   | 5.72   | 7.25 | 6.25   | 6.25  | 5.15         |
| 28.10 | 6                                                   | 5.05   | 5.27   | 7    | 5.85   | 6     | 5            |
| 28.11 | 7                                                   | 4.75   | 4.91   | 6.85 | 5.55   | 5.75  | 4.85         |
| 28.12 | 8                                                   | 4.45   | 4.62   | 6.7  | 5.35   | 5.6   | 4.7          |
| 28.13 | 9                                                   | 4.25   | 4.38   | 6.55 | 5.15   | 5.45  | 4.55         |
| 28.14 | 10                                                  | 4.15   | 4.17   | 6.4  | 5.05   | 5.3   | 4.4          |
| 28.15 | 11                                                  | 3.95   | 3.99   | 6.25 | 4.95   | 5.15  | 4.3          |
| 28.16 | 12                                                  | 3.85   | 3.83   | 6    | 4.85   | 5     | 4.2          |
| 28.17 | 13                                                  | 3.75   | 3.69   | 5.75 | 4.75   | 4.85  | 4.1          |
| 28.18 | 14                                                  | 3.55   | 3.57   | 5.5  | 4.65   | 4.7   | 4            |
| 28.19 | 15                                                  | 3.45   | 3.45   | 5.25 | 4.55   | 4.55  | 3.9          |
| 28.20 | 16                                                  | 3.35   | 3.35   | 5    | 4.55   | 4.4   | 3.8          |
| 28.21 | 17                                                  | 3.25   | 3.26   | 4.75 | 4.55   | 4.25  | 3.7          |
| 28.22 | 18                                                  | 3.25   | 3.25   | 4.5  | 4.55   | 4.1   | 3.6          |
| 28.23 | 19                                                  | 3.25   | 3.25   | 4.25 | 4.55   | 3.95  | 3.5          |
| 28.24 | 20                                                  | 3.25   | 3.25   | 4    | 4.55   | 3.8   | 3.5          |
| 28.25 | 21                                                  | 3.25   | 3.25   | 3.9  | 4.45   | 3.75  | 3.5          |
| 28.26 | 22                                                  | 3.25   | 3.25   | 3.8  | 4.35   | 3.75  | 3.5          |
| 28.27 | 23                                                  | 3.25   | 3.25   | 3.7  | 4.25   | 3.75  | 3.5          |
| 28.28 | 24                                                  | 3.25   | 3.25   | 3.6  | 4.25   | 3.75  | 3.5          |
| 28.29 | 25                                                  | 3.25   | 3.25   | 3.5  | 4.25   | 3.75  | 3.5          |
| 28.30 | 26                                                  | 3.25   | 3.25   | 3.5  | 4.25   | 3.75  | 3.5          |
| 28.31 | 27                                                  | 3.25   | 3.25   | 3.5  | 4.25   | 3.75  | 3.5          |
| 28.32 | 28                                                  | 3.25   | 3.25   | 3.5  | 4.25   | 3.75  | 3.5          |
| 28.33 | 29                                                  | 3.25   | 3.25   | 3.5  | 4.25   | 3.75  | 3.5          |
| 28.34 | 30 or more                                          | 3.25   | 3.25   | 3.5  | 4.25   | 3.75  | 3.5          |

28.35 (d) The actuarial valuation must use the applicable following payroll growth assumption  
 28.36 for calculating the amortization requirement for the unfunded actuarial accrued liability  
 28.37 where the amortization retirement is calculated as a level percentage of an increasing payroll:  
 28.38 plan payroll growth assumption

|       |                                                          |      |
|-------|----------------------------------------------------------|------|
| 29.1  | general state employees retirement plan of the Minnesota | 3.5% |
| 29.2  | State Retirement System                                  |      |
| 29.3  | correctional state employees retirement plan             | 3.5  |
| 29.4  | State Patrol retirement plan                             | 3.5  |
| 29.5  | judges retirement plan                                   | 2.75 |
| 29.6  | general employees retirement plan of the Public          | 3.5  |
| 29.7  | Employees Retirement Association                         |      |
| 29.8  | public employees police and fire retirement plan         | 3.5  |
| 29.9  | local government correctional service retirement plan    | 3.5  |
| 29.10 | teachers retirement plan                                 | 3.75 |
| 29.11 | St. Paul teachers retirement plan                        | 4    |

29.12 (e) The assumptions set forth in paragraphs (c) and (d) continue to apply, unless a  
29.13 different salary assumption or a different payroll increase assumption:

29.14 (1) has been proposed by the governing board of the applicable retirement plan;

29.15 (2) is accompanied by the concurring recommendation of the actuary retained under  
29.16 section 356.214, subdivision 1, if applicable, or by the approved actuary preparing the most  
29.17 recent actuarial valuation report if section 356.214 does not apply; and

29.18 (3) has been approved or deemed approved under subdivision 18.

29.19 **EFFECTIVE DATE.** This section is effective July 1, 2017.

29.20 Sec. 2. Minnesota Statutes 2016, section 356.215, subdivision 9, is amended to read:

29.21 Subd. 9. **Other assumptions.** ~~The~~ (a) Each plan's actuarial valuation must use  
29.22 assumptions concerning base mortality rates, disability, retirement, withdrawal, retirement  
29.23 age, and any other relevant demographic or economic factor. These assumptions must be  
29.24 set at levels consistent with those determined in the most recent quadrennial experience  
29.25 study completed under subdivision 16, if required, or ~~representative of the best estimate of~~  
29.26 ~~future experience~~ as recommended by the plan's approved actuary, if a quadrennial experience  
29.27 study is not required.

29.28 (b) The actuarial valuation may use an assumption concerning future mortality  
29.29 improvement. This assumption may be set at levels consistent with those determined in the  
29.30 most recent mortality improvement scale published by the Society of Actuaries or as  
29.31 otherwise recommended by the plan's approved actuary.

29.32 (c) The actuarial valuation must contain an exhibit indicating any the actuarial  
29.33 assumptions used in preparing the valuation report.

30.1 **EFFECTIVE DATE.** This section is effective July 1, 2017.

30.2 Sec. 3. Minnesota Statutes 2016, section 356.215, subdivision 11, is amended to read:

30.3 Subd. 11. **Amortization contributions.** (a) In addition to the exhibit indicating the level  
30.4 normal cost, the actuarial valuation of the retirement plan must contain an exhibit for financial  
30.5 reporting purposes indicating the additional annual contribution sufficient to amortize the  
30.6 unfunded actuarial accrued liability and must contain an exhibit for contribution  
30.7 determination purposes indicating the additional contribution sufficient to amortize the  
30.8 unfunded actuarial accrued liability. For the retirement plans listed in subdivision 8, paragraph  
30.9 (c), but excluding the legislators retirement plan, the additional contribution must be  
30.10 calculated on a level percentage of covered payroll basis by the established date for full  
30.11 funding in effect when the valuation is prepared, assuming annual payroll growth at the  
30.12 applicable percentage rate set forth in subdivision 8, paragraph (d). For all other retirement  
30.13 plans and for the legislators retirement plan, the additional annual contribution must be  
30.14 calculated on a level annual dollar amount basis.

30.15 (b) For any retirement plan other than a retirement plan governed by paragraph (d), (e),  
30.16 (f), (g), (h), (i), or (j), if there has not been a change in the actuarial assumptions used for  
30.17 calculating the actuarial accrued liability of the fund, a change in the benefit plan governing  
30.18 annuities and benefits payable from the fund, a change in the actuarial cost method used in  
30.19 calculating the actuarial accrued liability of all or a portion of the fund, or a combination  
30.20 of the three, which change or changes by itself or by themselves without inclusion of any  
30.21 other items of increase or decrease produce a net increase in the unfunded actuarial accrued  
30.22 liability of the fund, the established date for full funding is the first actuarial valuation date  
30.23 occurring after June 1, 2020.

30.24 (c) For any retirement plan, if there has been a change in any or all of the actuarial  
30.25 assumptions used for calculating the actuarial accrued liability of the fund, a change in the  
30.26 benefit plan governing annuities and benefits payable from the fund, a change in the actuarial  
30.27 cost method used in calculating the actuarial accrued liability of all or a portion of the fund,  
30.28 or a combination of the three, and the change or changes, by itself or by themselves and  
30.29 without inclusion of any other items of increase or decrease, produce a net increase in the  
30.30 unfunded actuarial accrued liability in the fund, the established date for full funding must  
30.31 be determined using the following procedure:

30.32 (i) the unfunded actuarial accrued liability of the fund must be determined in accordance  
30.33 with the plan provisions governing annuities and retirement benefits and the actuarial  
30.34 assumptions in effect before an applicable change;

31.1 (ii) the level annual dollar contribution or level percentage, whichever is applicable,  
31.2 needed to amortize the unfunded actuarial accrued liability amount determined under item  
31.3 (i) by the established date for full funding in effect before the change must be calculated  
31.4 using the interest assumption specified in subdivision 8 in effect before the change;

31.5 (iii) the unfunded actuarial accrued liability of the fund must be determined in accordance  
31.6 with any new plan provisions governing annuities and benefits payable from the fund and  
31.7 any new actuarial assumptions and the remaining plan provisions governing annuities and  
31.8 benefits payable from the fund and actuarial assumptions in effect before the change;

31.9 (iv) the level annual dollar contribution or level percentage, whichever is applicable,  
31.10 needed to amortize the difference between the unfunded actuarial accrued liability amount  
31.11 calculated under item (i) and the unfunded actuarial accrued liability amount calculated  
31.12 under item (iii) over a period of 30 years from the end of the plan year in which the applicable  
31.13 change is effective must be calculated using the applicable interest assumption specified in  
31.14 subdivision 8 in effect after any applicable change;

31.15 (v) the level annual dollar or level percentage amortization contribution under item (iv)  
31.16 must be added to the level annual dollar amortization contribution or level percentage  
31.17 calculated under item (ii);

31.18 (vi) the period in which the unfunded actuarial accrued liability amount determined in  
31.19 item (iii) is amortized by the total level annual dollar or level percentage amortization  
31.20 contribution computed under item (v) must be calculated using the interest assumption  
31.21 specified in subdivision 8 in effect after any applicable change, rounded to the nearest  
31.22 integral number of years, but not to exceed 30 years from the end of the plan year in which  
31.23 the determination of the established date for full funding using the procedure set forth in  
31.24 this clause is made and not to be less than the period of years beginning in the plan year in  
31.25 which the determination of the established date for full funding using the procedure set forth  
31.26 in this clause is made and ending by the date for full funding in effect before the change;  
31.27 and

31.28 (vii) the period determined under item (vi) must be added to the date as of which the  
31.29 actuarial valuation was prepared and the date obtained is the new established date for full  
31.30 funding.

31.31 (d) For the general employees retirement plan of the Public Employees Retirement  
31.32 Association, the established date for full funding is June 30, ~~2031~~ 2047.

31.33 (e) For the Teachers Retirement Association, the established date for full funding is June  
31.34 30, ~~2037~~ 2047.

32.1 (f) For the correctional state employees retirement plan and the State Patrol retirement  
 32.2 plan of the Minnesota State Retirement System, the established date for full funding is June  
 32.3 30, ~~2038~~ 2047.

32.4 (g) For the judges retirement plan, the established date for full funding is June 30, ~~2038~~  
 32.5 2047.

32.6 (h) For the local government correctional service retirement plan and the public employees  
 32.7 police and fire retirement plan, the established date for full funding is June 30, ~~2038~~ 2047.

32.8 (i) For the St. Paul Teachers Retirement Fund Association, the established date for full  
 32.9 funding is June 30, 2042. ~~In addition to other requirements of this chapter, the annual~~  
 32.10 ~~actuarial valuation must contain an exhibit indicating the funded ratio and the deficiency~~  
 32.11 ~~or sufficiency in annual contributions when comparing liabilities to the market value of the~~  
 32.12 ~~assets of the fund as of the close of the most recent fiscal year~~ 2047.

32.13 (j) For the general state employees retirement plan of the Minnesota State Retirement  
 32.14 System, the established date for full funding is June 30, ~~2040~~ 2047.

32.15 (k) For the retirement plans for which the annual actuarial valuation indicates an excess  
 32.16 of valuation assets over the actuarial accrued liability, the valuation assets in excess of the  
 32.17 actuarial accrued liability must be recognized as a reduction in the current contribution  
 32.18 requirements by an amount equal to the amortization of the excess expressed as a level  
 32.19 percentage of pay over a 30-year period beginning anew with each annual actuarial valuation  
 32.20 of the plan.

32.21 **EFFECTIVE DATE.** This section is effective July 1, 2017.

32.22 Sec. 4. Minnesota Statutes 2016, section 356.30, subdivision 1, is amended to read:

32.23 Subdivision 1. **Eligibility; computation of annuity.** (a) Notwithstanding any provisions  
 32.24 of the laws governing the covered retirement plans ~~enumerated~~ listed in subdivision 3, a  
 32.25 ~~person who has met the qualifications of paragraph (b)~~ person who has met the qualifications of paragraph (b) may elect to receive, upon retirement,  
 32.26 a retirement annuity from each ~~enumerated~~ covered retirement plan ~~in which the person has~~  
 32.27 ~~at least one-half year of allowable service, based on the allowable service in each plan,~~  
 32.28 subject to the provisions of paragraph ~~(e)~~ (b), if the person has:

32.29 (1) allowable service in any two or more of the covered plans;

32.30 (2) at least one-half year of allowable service in each covered plan, based on the allowable  
 32.31 service in each plan;



33.1 (3) total allowable service equals or exceeds the longest service credit vesting requirement  
 33.2 of the applicable retirement plan; and

33.3 (4) not begun to receive an annuity from any covered plan or has made application for  
 33.4 benefits from each applicable plan and the retirement annuity effective dates of each plan  
 33.5 are within a one-year period.

33.6 ~~(b) A person may receive, upon retirement, a retirement annuity from each enumerated~~  
 33.7 ~~retirement plan in which the person has at least one-half year of allowable service, and~~  
 33.8 ~~augmentation of a deferred annuity calculated at the appropriate rate under the laws governing~~  
 33.9 ~~each public pension plan or fund named in subdivision 3, based on the date of the person's~~  
 33.10 ~~initial entry into public employment from the date the person terminated all public service~~  
 33.11 ~~if:~~

33.12 ~~(1) the person has allowable service in any two or more of the enumerated plans;~~

33.13 ~~(2) the person has sufficient allowable service in total that equals or exceeds the applicable~~  
 33.14 ~~service credit vesting requirement of the retirement plan with the longest applicable service~~  
 33.15 ~~credit vesting requirement; and~~

33.16 ~~(3) the person has not begun to receive an annuity from any enumerated plan or the~~  
 33.17 ~~person has made application for benefits from each applicable plan and the effective dates~~  
 33.18 ~~of the retirement annuity with each plan under which the person chooses to receive an~~  
 33.19 ~~annuity are within a one-year period.~~

33.20 ~~(e)~~ (b) If all requirements in paragraph (a) have been satisfied, the retirement annuity  
 33.21 from each plan must be based upon the allowable service, accrual rates, and average salary  
 33.22 in the applicable plan except as further specified or modified in the following clauses:

33.23 (1) the laws governing annuities must be the law in effect on the date of termination  
 33.24 from the last period of public service under a covered retirement plan with which the person  
 33.25 earned a minimum of one-half year of allowable service credit during that employment;

33.26 (2) the "average salary" ~~on which the annuity from each covered plan in which the~~  
 33.27 ~~employee has credit in a~~ used to calculate the annuity for each formula plan must be based  
 33.28 on the employee's highest five successive years of covered salary during the entire service  
 33.29 in covered plans;

33.30 (3) the accrual rates ~~to be used by~~ under each plan must be ~~those~~ the percentages  
 33.31 prescribed by each plan's formula ~~as continued~~ in effect for the respective years of allowable  
 33.32 service from one plan to the next, recognizing all previous allowable service with the other  
 33.33 covered plans;

34.1 (4) the allowable service in all the covered plans must be combined in determining  
 34.2 eligibility for and the application of each plan's provisions ~~in~~ with respect to reduction in  
 34.3 the annuity amount for retirement prior to normal retirement age; and

34.4 (5) the annuity amount payable for any allowable service under a nonformula plan ~~of~~  
 34.5 that is a covered plan must not be affected, but such service and covered salary must be  
 34.6 used in the above calculation.

34.7 (c) If a person eligible for an annuity under paragraph (a) from each covered plan  
 34.8 terminates all public service, the deferred annuity must be augmented from the date of  
 34.9 termination until the earlier of:

34.10 (1) the effective date of retirement; or

34.11 (2) December 31, 2017, for the Minnesota State Retirement System and the Public  
 34.12 Employees Retirement Association or June 30, 2018, for the Teachers Retirement Association  
 34.13 and the St. Paul Teachers Retirement Association.

34.14 A deferred annuity must not be augmented after the applicable dates under clause (2).  
 34.15 The appropriate rate of augmentation is the rate in effect on the date on which the person  
 34.16 entered into public employment and subsequently adjusted according to the laws governing  
 34.17 each covered plan, as applicable.

34.18 (d) This section does not apply to any person whose final termination from the last public  
 34.19 service under a covered plan was before May 1, 1975.

34.20 (e) For the purpose of computing annuities under this section, ~~the accrual rates used by~~  
 34.21 ~~any covered plan, except the public employees police and fire plan, the judges retirement~~  
 34.22 ~~fund, and the State Patrol retirement plan, must not exceed 2.7 percent per year of service~~  
 34.23 ~~for any year of service or fraction thereof. The formula percentage used by:~~

34.24 (1) the judges retirement fund accrual rate must not exceed 3.2 percent per year of service  
 34.25 for any year of service or fraction thereof. ~~The accrual rate used by;~~

34.26 (2) the public employees police and fire plan and the State Patrol retirement plan accrual  
 34.27 rate must not exceed 3.0 percent per year of service for any year of service or fraction  
 34.28 thereof. ~~The accrual rate or rates used by~~

34.29 (3) the legislators retirement plan accrual rate must not exceed 2.5 percent, but this limit  
 34.30 does not apply to the adjustment provided under section 3A.02, subdivision 1, paragraph  
 34.31 (c); and

35.1 (4) any other covered plan's accrual rate must not exceed 2.7 percent per year of service  
35.2 for any year of service or fraction thereof.

35.3 (f) Any period of time for which a person has credit in more than one of the covered  
35.4 plans must be used only once for the purpose of determining total allowable service.

35.5 (g) If the period of duplicated service credit is more than one-half year, or the person  
35.6 has credit for more than one-half year, with each of the plans, each plan must apply its  
35.7 formula to a prorated service credit for the period of duplicated service based on a fraction  
35.8 of the salary on which deductions were paid to that fund for the period divided by the total  
35.9 salary on which deductions were paid to all plans for the period.

35.10 (h) If the period of duplicated service credit is less than one-half year, or when added  
35.11 to other service credit with that plan is less than one-half year, the service credit must be  
35.12 ignored and a refund of contributions made to the person in accord with that plan's refund  
35.13 provisions.

35.14 **EFFECTIVE DATE.** This section is effective July 1, 2017.

35.15 **Sec. 5. [356.311] COVERAGE BY MORE THAN ONE PLAN.**

35.16 (a) Any person who has been a member of two or more of the retirement plans listed in  
35.17 paragraph (b) is entitled, when qualified, to an annuity from each fund if:

35.18 (i) the person's combined service in any two or more retirement plans equals or exceeds  
35.19 the vesting requirement of the fund with the longest vesting requirement, and

35.20 (ii) the person has not taken a refund from any of the retirement plans.

35.21 (b) This section applies to any defined benefit plan administered by the Minnesota State  
35.22 Retirement System, including the State Patrol Retirement Plan; the Public Employees  
35.23 Retirement Association, including the public employees police and fire plan, the Teachers  
35.24 Retirement Association, and the St. Paul Teachers Retirement Fund Association, except as  
35.25 noted in paragraph (c).

35.26 (c) This section does not apply to plans providing benefits for police officers or  
35.27 firefighters under section 424A.091 to 424A.096 or the Bloomington Fire Department Relief  
35.28 Association.

35.29 (d) No portion of the service upon which the retirement annuity from one retirement  
35.30 plan is based shall be again used in the computation of a retirement annuity from another  
35.31 plan. The annuity from each plan must be determined under the laws applicable to that plan  
35.32 except that the requirement that a person meet the vesting requirement in any particular

36.1 plan shall not apply, provided the combined service in any two or more plans equals or  
 36.2 exceeds the vesting requirement of the plan with the longest vesting requirement.

36.3 (e) Any deferred annuity payable under this section shall be subject to augmentation  
 36.4 under the laws applicable to the deferred annuity.

36.5 (f) Any person to whom an annuity is not payable under this section because the person  
 36.6 took a refund from one of the funds shall be entitled to repay the refund in accordance with  
 36.7 the laws governing the refund. Upon repayment, the person is entitled to annuities under  
 36.8 this section, if the person would otherwise be entitled.

36.9 **EFFECTIVE DATE.** This section is effective July 1, 2017.

36.10 Sec. 6. Minnesota Statutes 2016, section 356.415, subdivision 1, is amended to read:

36.11 Subdivision 1. **Annual postretirement adjustments; generally Minnesota State**  
 36.12 **Retirement System general state employees retirement plan, legislators retirement**  
 36.13 **plan, and unclassified state employees retirement program.** (a) Except as otherwise  
 36.14 ~~provided in subdivision 1a, 1b, 1c, 1d, 1e, or 1f~~ set forth in paragraph (c), recipients of a  
 36.15 retirement annuity, disability benefit, or survivor benefit recipients of a covered from the  
 36.16 general state employees retirement plan, the legislators retirement plan, or the unclassified  
 36.17 state employees retirement program are entitled to a an annual postretirement adjustment  
 36.18 ~~annually on,~~ effective as of each January 1, as follows:

36.19 (1) effective January 1, 2018, through December 31, 2022, a postretirement increase of  
 36.20 ~~2.5~~ one percent must be applied each year, ~~effective January 1,~~ to the monthly annuity or  
 36.21 benefit of each annuitant or benefit recipient who has been receiving an annuity or a benefit  
 36.22 for at least 12 full months as of the June 30 of the calendar year immediately before the  
 36.23 adjustment; ~~and~~

36.24 (2) effective January 1, 2018, through December 31, 2022, for each annuitant or benefit  
 36.25 recipient who has been receiving an annuity or a benefit amount for at least one full month,  
 36.26 but less than 12 full months as of the June 30 of the calendar year immediately before the  
 36.27 adjustment, an annual postretirement increase of 1/12 of ~~2.5~~ one percent for each month  
 36.28 that the person has been receiving an annuity or benefit must be applied to the monthly  
 36.29 annuity or benefit amount of the annuitant or benefit recipient;

36.30 (3) effective January 1, 2023, and thereafter, a postretirement increase of 1.5 percent  
 36.31 must be applied each year to the monthly annuity or benefit of each annuitant or benefit  
 36.32 recipient who has been receiving an annuity or a benefit for at least 12 full months as of the  
 36.33 June 30 of the calendar year immediately before the adjustment; and

37.1 (4) effective January 1, 2023, and thereafter, for each annuitant or benefit recipient who  
37.2 has been receiving an annuity or a benefit amount for at least one full month, but less than  
37.3 12 full months as of the June 30 of the calendar year immediately before the adjustment,  
37.4 an annual postretirement increase of 1/12 of 1.5 percent for each month that the person has  
37.5 been receiving an annuity or benefit must be applied to the monthly annuity or benefit  
37.6 amount of the annuitant or benefit recipient.

37.7 (b) An increase in annuity or benefit payments under this ~~section~~ subdivision must be  
37.8 made automatically unless written notice is filed by the annuitant or benefit recipient with  
37.9 the executive director of the covered retirement plan requesting that the increase not be  
37.10 made.

37.11 (c) Members who retire on or after January 1, 2018, under the general state employees  
37.12 retirement plan, the legislators retirement plan, or the unclassified state employees retirement  
37.13 program are entitled to an annual postretirement adjustment of the member's retirement  
37.14 annuity, effective as of each January 1, beginning with the year following the year in which  
37.15 the member attains normal retirement age, as follows:

37.16 (1) if a member has been receiving an annuity for at least 12 full months as of the June  
37.17 30 of the calendar year immediately before the date of the adjustment, a postretirement  
37.18 increase of equal to the percentage specified in paragraph (a), clause (1) or (3), as applicable,  
37.19 must be applied, effective on January 1, to the member's monthly annuity;

37.20 (2) if a member has been receiving an annuity for at least one full month, but less than  
37.21 12 full months as of the June 30 of the calendar year immediately before the date of  
37.22 adjustment, a postretirement increase of 1/12 of the percentage specified in clause (1) for  
37.23 each month that the member has been receiving an annuity must be applied, effective on  
37.24 January 1, to the member's monthly annuity; or

37.25 (3) if a member has been receiving an annuity for fewer than six months before the date  
37.26 of adjustment, a postretirement increase shall not be applied until the next January 1 and  
37.27 the amount of the adjustment shall be the amount determined under clause (2).

37.28 (d) Paragraph (c) does not apply to members who retire under section 352.116,  
37.29 subdivision 1, paragraph (c).

37.30 **EFFECTIVE DATE.** This section is effective July 1, 2017.

37.31 Sec. 7. Minnesota Statutes 2016, section 356.415, subdivision 1a, is amended to read:

37.32 Subd. 1a. **Annual postretirement adjustments; Minnesota State Retirement System**  
37.33 **~~plans other than State Patrol~~ correctional state employees retirement plan. (a)**

38.1 Retirement annuity, disability benefit, or survivor benefit recipients of the legislators  
38.2 retirement plan, including constitutional officers as specified in chapter 3A, the general  
38.3 state employees retirement plan, the correctional state employees retirement plan, and the  
38.4 unclassified state employees retirement program are entitled to a an annual postretirement  
38.5 adjustment ~~annually on~~, effective as of each January 1, as follows:

38.6 (1) ~~for each successive January 1, if the definition of funding stability under paragraph~~  
38.7 ~~(b) has not been met as of the prior July 1 for or with respect to the applicable retirement~~  
38.8 ~~plan~~, a postretirement increase of ~~two~~ 1.5 percent must be applied each year, ~~effective on~~  
38.9 ~~January 1~~, to the monthly annuity or benefit of each annuitant or benefit recipient who has  
38.10 been receiving an annuity or a benefit for at least 12 full months as of the June 30 of the  
38.11 calendar year immediately before the adjustment; and

38.12 (2) ~~for each successive January 1, if the definition of funding stability under paragraph~~  
38.13 ~~(b) has not been met as of the prior July 1 for or with respect to the applicable retirement~~  
38.14 ~~plan~~, for each annuitant or benefit recipient who has been receiving an annuity or a benefit  
38.15 for at least one full month, but less than 12 full months as of the June 30 of the calendar  
38.16 year immediately before the adjustment, an annual postretirement increase of 1/12 of ~~two~~  
38.17 1.5 percent for each month that the person has been receiving an annuity or benefit must  
38.18 be applied to the monthly annuity or benefit amount of each annuitant or benefit recipient.

38.19 ~~(b) Increases under this subdivision for the general state employees retirement plan or~~  
38.20 ~~the correctional state employees retirement plan terminate on December 31 of the calendar~~  
38.21 ~~year in which two prior consecutive actuarial valuations prepared by the approved actuary~~  
38.22 ~~under sections 356.214 and 356.215 and the standards for actuarial work promulgated by~~  
38.23 ~~the Legislative Commission on Pensions and Retirement indicate that the market value of~~  
38.24 ~~assets of the retirement plan equals or exceeds 90 percent of the actuarial accrued liability~~  
38.25 ~~of the retirement plan and increases under subdivision 1 recommence after that date. Increases~~  
38.26 ~~under this subdivision for the legislators retirement plan established under chapter 3A,~~  
38.27 ~~including the constitutional officers specified in that chapter, and for the unclassified state~~  
38.28 ~~employees retirement program, terminate on December 31 of the calendar year in which~~  
38.29 ~~two prior consecutive actuarial valuations prepared by the approved actuary under sections~~  
38.30 ~~356.214 and 356.215 and the standards for actuarial work promulgated by the Legislative~~  
38.31 ~~Commission on Pensions and Retirement indicate that the market value of assets of the~~  
38.32 ~~general state employees retirement plan equals or exceeds 90 percent of the actuarial accrued~~  
38.33 ~~liability of the retirement plan and increases under subdivision 1 recommence after that~~  
38.34 ~~date.~~

39.1 ~~(e) After having met the definition of funding stability under paragraph (b), the increase~~  
 39.2 ~~provided in paragraph (a), clauses (1) and (2), rather than an increase under subdivision 1,~~  
 39.3 ~~for the general state employees retirement plan or the correctional state employees retirement~~  
 39.4 ~~plan, is again to be applied in a subsequent year or years if the market value of assets of the~~  
 39.5 ~~applicable plan equals or is less than:~~

39.6 ~~(1) 85 percent of the actuarial accrued liabilities of the applicable plan for two consecutive~~  
 39.7 ~~actuarial valuations; or~~

39.8 ~~(2) 80 percent of the actuarial accrued liabilities of the applicable plan for the most recent~~  
 39.9 ~~actuarial valuation.~~

39.10 ~~(d) After having met the definition of funding stability under paragraph (b), the increase~~  
 39.11 ~~provided in paragraph (a), clauses (1) and (2), rather than an increase under subdivision 1,~~  
 39.12 ~~for the legislators retirement plan, including the constitutional officers, and for the~~  
 39.13 ~~unclassified state employees retirement program, is again to be applied in a subsequent year~~  
 39.14 ~~or years if the market value of assets of the general state employees retirement plan equals~~  
 39.15 ~~or is less than:~~

39.16 ~~(1) 85 percent of the actuarial accrued liabilities of the applicable plan for two consecutive~~  
 39.17 ~~actuarial valuations; or~~

39.18 ~~(2) 80 percent of the actuarial accrued liabilities of the applicable plan for the most recent~~  
 39.19 ~~actuarial valuation.~~

39.20 ~~(e) (b)~~ An increase in annuity or benefit payments under this subdivision must be made  
 39.21 automatically unless written notice is filed by the annuitant or benefit recipient with the  
 39.22 executive director of the applicable covered retirement plan requesting that the increase not  
 39.23 be made.

39.24 **EFFECTIVE DATE.** This section is effective July 1, 2017.

39.25 Sec. 8. Minnesota Statutes 2016, section 356.415, subdivision 1b, is amended to read:

39.26 Subd. 1b. **Annual postretirement adjustments; PERA; general employees retirement**  
 39.27 **plan and local government correctional retirement plan.** (a) Except as set forth in  
 39.28 paragraph (c), recipients of a retirement annuity, disability benefit, or survivor benefit  
 39.29 recipients of the general employees retirement plan of the Public Employees Retirement  
 39.30 Association ~~and the local government correctional service retirement plan~~ are entitled to a  
 39.31 an annual postretirement adjustment ~~annually on,~~ effective as of each January 1, as follows:

40.1 (1) ~~for each successive January 1 until funding stability is restored for the applicable~~  
40.2 ~~retirement plan~~, a postretirement increase of one percent must be applied each year, ~~effective~~  
40.3 ~~on January 1~~, to the monthly annuity or benefit amount of each annuitant or benefit recipient  
40.4 who has been receiving an annuity or benefit for at least 12 full months as of the June 30  
40.5 of the calendar year immediately before the adjustment;

40.6 (2) ~~for each successive January 1 until funding stability is restored for the applicable~~  
40.7 ~~retirement plan~~, for each annuitant or benefit recipient who has been receiving an annuity  
40.8 or a benefit for at least one full month, but less than 12 full months as of the June 30 of the  
40.9 calendar year immediately before the adjustment, an annual postretirement increase of 1/12  
40.10 of one percent for each month the person has been receiving an annuity or benefit must be  
40.11 applied; to the monthly annuity or benefit amount of each annuitant or benefit recipient.

40.12 (3) ~~for each January 1 following the restoration of funding stability for the applicable~~  
40.13 ~~retirement plan~~, a postretirement increase of 2.5 percent must be applied each year, ~~effective~~  
40.14 ~~January 1~~, to the monthly annuity or benefit amount of each annuitant or benefit recipient  
40.15 who has been receiving an annuity or benefit for at least 12 full months as of the June 30  
40.16 of the calendar year immediately before the adjustment; and

40.17 (4) ~~for each January 1 following restoration of funding stability for the applicable~~  
40.18 ~~retirement plan~~, for each annuity or benefit recipient who has been receiving an annuity or  
40.19 a benefit for at least one full month, but less than 12 full months as of the June 30 of the  
40.20 calendar year immediately before the adjustment, an annual postretirement increase of 1/12  
40.21 of 2.5 percent for each month the person has been receiving an annuity or benefit must be  
40.22 applied.

40.23 (b) ~~Funding stability is restored when the market value of assets of the applicable~~  
40.24 ~~retirement plan equals or exceeds 90 percent of the actuarial accrued liabilities of the~~  
40.25 ~~applicable plan in the two most recent consecutive actuarial valuations prepared under~~  
40.26 ~~section 356.215 and the standards for actuarial work by the approved actuary retained by~~  
40.27 ~~the Public Employees Retirement Association under section 356.214.~~

40.28 (c) ~~After having met the definition of funding stability under paragraph (b), the increase~~  
40.29 ~~provided in paragraph (a), clauses (1) and (2), rather than an increase under subdivision 1,~~  
40.30 ~~is again to be applied in a subsequent year or years if the market value of assets of the~~  
40.31 ~~applicable plan equals or is less than:~~

40.32 (1) ~~85 percent of the actuarial accrued liabilities of the applicable plan for two consecutive~~  
40.33 ~~actuarial valuations; or~~



41.1 ~~(2) 80 percent of the actuarial accrued liabilities of the applicable plan for the most recent~~  
 41.2 ~~actuarial valuation.~~

41.3 ~~(d) (b)~~ An increase in annuity or benefit payments under this section must be made  
 41.4 automatically unless written notice is filed by the annuitant or benefit recipient with the  
 41.5 executive director of the Public Employees Retirement Association requesting that the  
 41.6 increase not be made.

41.7 (c) Members who retire on or after January 1, 2018, are entitled to an annual  
 41.8 postretirement adjustment of the member's retirement annuity, effective as of each January  
 41.9 1, beginning with the year following the year in which the member attains normal retirement  
 41.10 age, as follows:

41.11 (1) if a member has been receiving an annuity for at least 12 full months as of the June  
 41.12 30 of the calendar year immediately before the date of the adjustment, a postretirement  
 41.13 increase of equal to the percentage specified in paragraph (a), clause (1), must be applied,  
 41.14 effective on January 1, to the member's monthly annuity;

41.15 (2) if a member has been receiving an annuity for at least one full month, but less than  
 41.16 12 full months as of the June 30 of the calendar year immediately before the date of  
 41.17 adjustment, a postretirement increase of 1/12 of the percentage specified in clause (1) for  
 41.18 each month that the member has been receiving an annuity must be applied, effective on  
 41.19 January 1 to the member's monthly annuity; or

41.20 (3) if a member has been receiving an annuity for fewer than six months before the date  
 41.21 of adjustment, a postretirement increase shall not be applied until the next January 1 and  
 41.22 the amount of the adjustment shall be the amount determined under clause (2).

41.23 (d) Paragraph (c) does not apply to members who retire under section 353.30, subdivision  
 41.24 1a.

41.25 **EFFECTIVE DATE.** This section is effective July 1, 2017.

41.26 Sec. 9. Minnesota Statutes 2016, section 356.415, subdivision 1c, is amended to read:

41.27 Subd. 1c. **Annual postretirement adjustments; PERA-police and fire.** (a) Retirement  
 41.28 annuity, disability benefit, or survivor benefit recipients of the public employees police and  
 41.29 fire retirement plan are entitled to a an annual postretirement adjustment ~~annually on~~<sub>2</sub>  
 41.30 effective as of each January 1, ~~if the definition of funding stability under paragraph (c) has~~  
 41.31 ~~not been met~~, as follows:

42.1 ~~(1) for each annuitant or benefit recipient whose annuity or benefit effective date is on~~  
42.2 ~~or before June 1, 2014, who has been receiving the annuity or benefit for at least 12 full~~  
42.3 ~~months as of the immediate preceding June 30, an amount equal to one percent in each year;~~  
42.4 ~~or~~

42.5 ~~(2) for each annuitant or benefit recipient whose annuity or benefit effective date is on~~  
42.6 ~~or before June 1, 2014, who has been receiving the annuity or benefit for at least one full~~  
42.7 ~~month, but less than 12 months, as of the immediate preceding June 30, an amount equal~~  
42.8 ~~to 1/12 of one percent for each month of annuity or benefit receipt; and~~

42.9 ~~(3) (1) for each annuitant or benefit recipient whose annuity or benefit effective date is~~  
42.10 ~~after June 1, 2014, who will have been receiving an annuity or benefit for at least 36 full~~  
42.11 ~~months as of the immediate preceding June 30, an amount equal to a postretirement increase~~  
42.12 ~~of one percent must be applied each year to the monthly annuity or benefit amount of the~~  
42.13 ~~annuity or benefit recipient; or~~

42.14 ~~(4) (2) for each annuitant or benefit recipient whose annuity or benefit effective date is~~  
42.15 ~~after June 1, 2014, who has been receiving the annuity or benefit for at least 25 full months,~~  
42.16 ~~but less than 36 months as of the immediate preceding June 30, an amount equal to a~~  
42.17 ~~postretirement increase of 1/12 of one percent for each full month of that the person has~~  
42.18 ~~been receiving an annuity or benefit receipt during the fiscal year in which the annuity or~~  
42.19 ~~benefit was effective must be applied each year to the monthly annuity or benefit amount~~  
42.20 ~~of the annuity or benefit recipient.~~

42.21 ~~(b) Retirement annuity, disability benefit, or survivor benefit recipients of the public~~  
42.22 ~~employees police and fire retirement plan are entitled to a postretirement adjustment annually~~  
42.23 ~~on each January 1 following the restoration of funding stability as defined under paragraph~~  
42.24 ~~(c) and during the continuation of funding stability as defined under paragraph (c), as follows:~~

42.25 ~~(1) for each annuitant or benefit recipient who has been receiving the annuity or benefit~~  
42.26 ~~for at least 36 full months as of the immediate preceding June 30, an amount equal to 2.5~~  
42.27 ~~percent; and~~

42.28 ~~(2) for each annuitant or benefit recipient who has been receiving the annuity or benefit~~  
42.29 ~~for at least 25 full months, but less than 36 full months, as of the immediate preceding June~~  
42.30 ~~30, an amount equal to 1/12 of 2.5 percent for each full month of annuity or benefit receipt~~  
42.31 ~~during the fiscal year in which the annuity or benefit was effective.~~

42.32 ~~(c) Funding stability is restored when the market value of assets of the public employees~~  
42.33 ~~police and fire retirement plan equals or exceeds 90 percent of the actuarial accrued liabilities~~  
42.34 ~~of the applicable plan in the two most recent consecutive actuarial valuations prepared under~~

43.1 ~~section 356.215 and under the standards for actuarial work of the Legislative Commission~~  
 43.2 ~~on Pensions and Retirement by the approved actuary retained by the Public Employees~~  
 43.3 ~~Retirement Association under section 356.214.~~

43.4 ~~(d) After having met the definition of funding stability under paragraph (c), a full or~~  
 43.5 ~~prorated increase, as provided in paragraph (a), clause (1), (2), (3), or (4), whichever applies,~~  
 43.6 ~~rather than adjustments under paragraph (b), is again applied in a subsequent year or years~~  
 43.7 ~~if the market value of assets of the public employees police and fire retirement plan equals~~  
 43.8 ~~or is less than:~~

43.9 ~~(1) 85 percent of the actuarial accrued liabilities of the applicable plan for two consecutive~~  
 43.10 ~~actuarial valuations; or~~

43.11 ~~(2) 80 percent of the actuarial accrued liabilities of the applicable plan for the most recent~~  
 43.12 ~~actuarial valuation.~~

43.13 ~~(e) (b)~~ An increase in annuity or benefit payments under this section must be made  
 43.14 automatically unless written notice is filed by the annuitant or benefit recipient with the  
 43.15 executive director of the Public Employees Retirement Association requesting that the  
 43.16 increase not be made.

43.17 **EFFECTIVE DATE.** This section is effective July 1, 2017.

43.18 Sec. 10. Minnesota Statutes 2016, section 356.415, subdivision 1d, is amended to read:

43.19 Subd. 1d. **Teachers Retirement Association annual postretirement adjustments.** (a)  
 43.20 Except as set forth in paragraph (d), recipients of a retirement annuity, disability benefit,  
 43.21 or survivor benefit recipients of the Teachers Retirement Association are entitled to a an  
 43.22 annual postretirement adjustment annually on, effective as of each January 1, as follows:

43.23 (1) ~~for each January 1 until funding stability is restored,~~ a postretirement increase of  
 43.24 ~~two~~ one percent must be applied each year, ~~effective on January 1,~~ to the monthly annuity  
 43.25 or benefit amount of each annuitant or benefit recipient who has been receiving an annuity  
 43.26 or a benefit for at least 12 full months as of the June 30 of the calendar year immediately  
 43.27 before the adjustment;

43.28 (2) ~~for each January 1 until funding stability is restored,~~ for each annuitant or benefit  
 43.29 recipient who has been receiving an annuity or a benefit for at least one full month, but less  
 43.30 than 12 full months as of the June 30 of the calendar year immediately before the adjustment,  
 43.31 an annual postretirement increase of 1/12 of ~~two~~ one percent for each month the person has  
 43.32 been receiving an annuity or benefit must be applied;

44.1 ~~(3) for each January 1 following the restoration of funding stability, a postretirement~~  
44.2 ~~increase of 2.5 percent must be applied each year, effective January 1, to the monthly annuity~~  
44.3 ~~or benefit amount of each annuitant or benefit recipient who has been receiving an annuity~~  
44.4 ~~or a benefit for at least 12 full months as of the June 30 of the calendar year immediately~~  
44.5 ~~before the adjustment; and~~

44.6 ~~(4) for each January 1 following the restoration of funding stability, for each annuitant~~  
44.7 ~~or benefit recipient who has been receiving an annuity or a benefit for at least one month,~~  
44.8 ~~but less than 12 full months as of the June 30 of the calendar year immediately before the~~  
44.9 ~~adjustment, an annual postretirement increase of 1/12 of 2.5 percent for each month the~~  
44.10 ~~person has been receiving an annuity or benefit must be applied.~~

44.11 ~~(b) Funding stability is restored when the market value of assets of the Teachers~~  
44.12 ~~Retirement Association equals or exceeds 90 percent of the actuarial accrued liabilities of~~  
44.13 ~~the Teachers Retirement Association in the two most recent prior actuarial valuations~~  
44.14 ~~prepared under section 356.215 and the standards for actuarial work by the approved actuary~~  
44.15 ~~retained by the Teachers Retirement Association under section 356.214.~~

44.16 ~~(c) After having met the definition of funding stability under paragraph (b), the increase~~  
44.17 ~~provided in paragraph (a), clauses (1) and (2), rather than an increase under subdivision 1,~~  
44.18 ~~or the increase under paragraph (a), clauses (3) and (4), is again to be applied in a subsequent~~  
44.19 ~~year or years if the market value of assets of the plan equals or is less than:~~

44.20 ~~(1) 85 percent of the actuarial accrued liabilities of the plan for two consecutive actuarial~~  
44.21 ~~valuations; or~~

44.22 ~~(2) 80 percent of the actuarial accrued liabilities of the plan for the most recent actuarial~~  
44.23 ~~valuation.~~

44.24 ~~(d) (b)~~ An increase in annuity or benefit payments under this section must be made  
44.25 automatically unless written notice is filed by the annuitant or benefit recipient with the  
44.26 executive director of the Teachers Retirement Association requesting that the increase not  
44.27 be made.

44.28 ~~(e) (c)~~ The retirement annuity payable to a person who retires before becoming eligible  
44.29 for Social Security benefits and who has elected the optional payment as provided in section  
44.30 354.35 must be treated as the sum of a period-certain retirement annuity and a life retirement  
44.31 annuity for the purposes of any postretirement adjustment. The period-certain retirement  
44.32 annuity plus the life retirement annuity must be the annuity amount payable until age 62,  
44.33 65, or normal retirement age, as selected by the member at retirement, for an annuity amount

45.1 payable under section 354.35. A postretirement adjustment granted on the period-certain  
45.2 retirement annuity must terminate when the period-certain retirement annuity terminates.

45.3 (d) Members who retire on or after January 1, 2018, are entitled to an annual  
45.4 postretirement adjustment of the member's retirement annuity, effective as of each January  
45.5 1, beginning with the year following the year in which the member attains normal retirement  
45.6 age, as follows:

45.7 (1) if a member has been receiving an annuity for at least 12 full months as of the June  
45.8 30 of the calendar year immediately before the date of the adjustment, a postretirement  
45.9 increase of equal to the percentage specified in paragraph (a), clause (1), must be applied,  
45.10 effective on January 1 to the member's monthly annuity;

45.11 (2) if a member has been receiving an annuity for at least one full month, but less than  
45.12 12 full months as of the June 30 of the calendar year immediately before the date of  
45.13 adjustment, a postretirement increase of 1/12 of the percentage specified in clause (1) for  
45.14 each month that the member has been receiving an annuity must be applied, effective on  
45.15 January 1, to the member's monthly annuity; or

45.16 (3) if a member has been receiving an annuity for fewer than six months before the date  
45.17 of adjustment, a postretirement increase shall not be applied until the next January 1 and  
45.18 the amount of the adjustment shall be the amount determined under clause (2).

45.19 (e) Paragraph (d) does not apply to members who retire under section 354.44, subdivision  
45.20 6, paragraph (c), item (iii).

45.21 **EFFECTIVE DATE.** This section is effective July 1, 2017.

45.22 Sec. 11. Minnesota Statutes 2016, section 356.415, subdivision 1e, is amended to read:

45.23 Subd. 1e. **Annual postretirement adjustments; State Patrol retirement plan.** (a)  
45.24 Retirement annuity, disability benefit, or survivor benefit recipients of the State Patrol  
45.25 retirement plan are entitled to a an annual postretirement adjustment annually on, effective  
45.26 as of each January 1 if the definition of funding stability under paragraph (b) has not been  
45.27 met, as follows:

45.28 (1) a postretirement increase of one percent must be applied each year, ~~effective on~~  
45.29 ~~January 1,~~ to the monthly annuity or benefit of each annuitant or benefit recipient who has  
45.30 been receiving an annuity or a benefit for at least 12 full months as of the June 30 of the  
45.31 calendar year immediately before the adjustment; and

46.1 (2) for each annuitant or benefit recipient who has been receiving an annuity or a benefit  
46.2 for at least one full month, but less than 12 full months as of the June 30 of the calendar  
46.3 year immediately before the adjustment, an annual postretirement increase of 1/12 of one  
46.4 percent for each month that the person has been receiving an annuity or benefit must be  
46.5 applied to the monthly annuity or benefit of each annuitant or benefit recipient.

46.6 ~~(b) Increases under paragraph (a) for the State Patrol retirement plan terminate on~~  
46.7 ~~December 31 of the calendar year in which two prior consecutive actuarial valuations for~~  
46.8 ~~the plan prepared by the approved actuary under sections 356.214 and 356.215 and the~~  
46.9 ~~standards for actuarial work promulgated by the Legislative Commission on Pensions and~~  
46.10 ~~Retirement indicates that the market value of assets of the retirement plan equals or exceeds~~  
46.11 ~~85 percent of the actuarial accrued liability of the retirement plan. Thereafter, increases~~  
46.12 ~~under paragraph (a) become effective again on the December 31 of the calendar year in~~  
46.13 ~~which the actuarial valuation, or prior consecutive actuarial valuations for the plan prepared~~  
46.14 ~~by the approved actuary under sections 356.214 and 356.215 and the standards for actuarial~~  
46.15 ~~work promulgated by the Legislative Commission on Pensions and Retirement indicates~~  
46.16 ~~that the market value of the assets of the retirement plan equals or is less than 80 percent~~  
46.17 ~~of the actuarial accrued liability of the retirement plan for two years, or equals or is less~~  
46.18 ~~than 75 percent of the actuarial accrued liability of the retirement plan for one year and~~  
46.19 ~~increases under paragraph (c) commence after that date.~~

46.20 ~~(c) Retirement annuity, disability benefit, or survivor benefit recipients of the State Patrol~~  
46.21 ~~retirement plan are entitled to a postretirement adjustment annually on January 1, as follows:~~

46.22 ~~(1) a postretirement increase of 1.5 percent must be applied each year, effective on~~  
46.23 ~~January 1, to the monthly annuity or benefit of each annuitant or benefit recipient who has~~  
46.24 ~~been receiving an annuity or a benefit for at least 12 full months as of the June 30 of the~~  
46.25 ~~calendar year immediately before the adjustment; and~~

46.26 ~~(2) for each annuitant or benefit recipient who has been receiving an annuity or a benefit~~  
46.27 ~~for at least one full month, but less than 12 full months as of the June 30 of the calendar~~  
46.28 ~~year immediately before the adjustment, an annual postretirement increase of 1/12 of 1.5~~  
46.29 ~~percent for each month that the person has been receiving an annuity or benefit must be~~  
46.30 ~~applied.~~

46.31 ~~(d) Increases under paragraph (c) for the State Patrol retirement plan terminate on~~  
46.32 ~~December 31 of the calendar year in which two prior consecutive actuarial valuations~~  
46.33 ~~prepared by the approved actuary under sections 356.214 and 356.215 and the standards~~  
46.34 ~~for actuarial work adopted by the Legislative Commission on Pensions and Retirement~~

47.1 ~~indicates that the market value of assets of the retirement plan equals or exceeds 90 percent~~  
 47.2 ~~of the actuarial accrued liability of the retirement plan and increases under subdivision 1~~  
 47.3 ~~recommence after that date.~~

47.4 ~~(e) (b)~~ An increase in annuity or benefit payments under this subdivision must be made  
 47.5 automatically unless written notice is filed by the annuitant or benefit recipient with the  
 47.6 executive director of the applicable covered retirement plan requesting that the increase not  
 47.7 be made.

47.8 **EFFECTIVE DATE.** This section is effective July 1, 2017.

47.9 Sec. 12. Minnesota Statutes 2016, section 356.415, subdivision 1f, is amended to read:

47.10 Subd. 1f. **Annual postretirement adjustments; Minnesota State Retirement System**  
 47.11 **judges retirement plan.** ~~(a) The increases provided under this subdivision are in lieu of~~  
 47.12 ~~increases under subdivision 1 or 1a for retirement annuity, disability benefit, or survivor~~  
 47.13 ~~benefit recipients of the judges retirement plan.~~

47.14 ~~(b) (a)~~ Retirement annuity, disability benefit, or survivor benefit recipients of the judges  
 47.15 retirement plan are entitled to a an annual postretirement adjustment annually on, effective  
 47.16 as of each January 1; if the definition of funding stability under paragraph (b) has not been  
 47.17 met, as follows:

47.18 (1) a postretirement increase of 1.75 percent must be applied each year, ~~effective on~~  
 47.19 ~~January 1~~, to the monthly annuity or benefit of each annuitant or benefit recipient who has  
 47.20 been receiving an annuity or a benefit for at least 12 full months as of the June 30 of the  
 47.21 calendar year immediately before the adjustment; and

47.22 (2) for each annuitant or benefit recipient who has been receiving an annuity or a benefit  
 47.23 for at least one full month, but less than 12 full months as of the June 30 of the calendar  
 47.24 year immediately before the adjustment, an annual postretirement increase of 1/12 of 1.75  
 47.25 percent for each month that the person has been receiving an annuity or benefit must be  
 47.26 applied to the monthly annuity or benefit of each annuitant or benefit recipient.

47.27 ~~(e) (b)~~ Increases under ~~this subdivision~~ paragraph (a) terminate on December 31 of the  
 47.28 calendar year in which two prior consecutive actuarial valuations prepared by the approved  
 47.29 actuary under sections 356.214 and 356.215 and the standards for actuarial work promulgated  
 47.30 by the Legislative Commission on Pensions and Retirement indicates that the market value  
 47.31 of assets of the judges retirement plan equals or exceeds 70 percent of the actuarial accrued  
 47.32 liability of the retirement plan: and increases under subdivision 1 or 1a, whichever is  
 47.33 applicable; paragraph (c) begin on the January 1 next following after that date.

48.1 (c) Retirement annuity, disability benefit, or survivor benefit recipients of the judges  
48.2 retirement plan are entitled to a postretirement adjustment annually, effective as of each  
48.3 January 1 if the definition of funding stability under paragraph (d) has not been met, as  
48.4 follows:

48.5 (1) a postretirement increase of two percent must be applied each year to the monthly  
48.6 annuity or benefit of each annuitant or benefit recipient who has been receiving an annuity  
48.7 or a benefit for at least 12 full months as of the June 30 of the calendar year immediately  
48.8 before the adjustment; and

48.9 (2) for each annuitant or benefit recipient who has been receiving an annuity or a benefit  
48.10 for at least one full month, but less than 12 full months as of the June 30 of the calendar  
48.11 year immediately before the adjustment, an annual postretirement increase of 1/12 of two  
48.12 percent for each month that the person has been receiving an annuity or benefit must be  
48.13 applied to the monthly annuity or benefit amount of the annuitant or benefit recipient.

48.14 (d) Increases under paragraph (c) terminate on December 31 of the calendar year in  
48.15 which two prior consecutive actuarial valuations prepared by the approved actuary under  
48.16 section 356.214 and the standards for actuarial work promulgated by the Legislative  
48.17 Commission on Pensions and Retirement indicate that the market value of assets of the  
48.18 judges retirement plan equals or exceeds 90 percent of the actuarial accrued liability of the  
48.19 retirement plan and increases under paragraph (e) begin after that date.

48.20 (e) Retirement annuity, disability benefit, or survivor benefit recipients of the judges  
48.21 retirement plan are entitled to a postretirement adjustment annually, effective as of each  
48.22 January 1, as follows:

48.23 (1) a postretirement increase of 2.5 percent must be applied each year to the monthly  
48.24 annuity or benefit of each annuitant or benefit recipient who has been receiving an annuity  
48.25 or a benefit for at least 12 full months as of the June 30 of the calendar year immediately  
48.26 before the adjustment; and

48.27 (2) for each annuitant or benefit recipient who has been receiving an annuity or a benefit  
48.28 for at least one full month, but less than 12 full months as of the June 30 of the calendar  
48.29 year immediately before the adjustment, an annual postretirement increase of 1/12 of 2.5  
48.30 percent for each month that the person has been receiving an annuity or benefit must be  
48.31 applied to the monthly annuity or benefit amount of the annuitant or benefit recipient.

48.32 (d) (f) An increase in annuity or benefit payments under this subdivision must be made  
48.33 automatically unless written notice is filed by the annuitant or benefit recipient with the



49.1 executive director of the applicable covered retirement plan requesting that the increase not  
49.2 be made.

49.3 **EFFECTIVE DATE.** This section is effective July 1, 2017.

49.4 Sec. 13. Minnesota Statutes 2016, section 356.415, is amended by adding a subdivision  
49.5 to read:

49.6 Subd. 1g. **Annual postretirement adjustments; PERA local government correctional**  
49.7 **retirement plan.** (a) Retirement annuity, disability benefit, or survivor benefit recipients  
49.8 of the public employees local government correctional service retirement plan are entitled  
49.9 to an annual postretirement adjustment, effective as of each January 1 as follows:

49.10 (1) a postretirement increase of 1.5 percent must be applied each year to the monthly  
49.11 annuity or benefit of each annuitant or benefit recipient who has been receiving an annuity  
49.12 or a benefit for at least 12 full months as of the June 30 of the calendar year immediately  
49.13 before the adjustment; and

49.14 (2) for each annuitant or benefit recipient who has been receiving an annuity or a benefit  
49.15 for at least one full month, but less than 12 full months as of the June 30 of the calendar  
49.16 year immediately before the adjustment, a postretirement increase of 1/12 of 1.5 percent  
49.17 for each month that the person has been receiving an annuity or benefit must be applied to  
49.18 the monthly annuity or benefit amount of the annuitant or benefit recipient.

49.19 (b) An increase in annuity or benefit payments under this subdivision must be made  
49.20 automatically unless written notice is filed by the annuitant or benefit recipient with the  
49.21 executive director of the applicable covered retirement plan requesting that the increase not  
49.22 be made.

49.23 **EFFECTIVE DATE.** This section is effective July 1, 2017.

49.24 Sec. 14. **STUDY.**

49.25 Before December 31, 2020, the Legislative Commission on Pensions and Retirement  
49.26 must conduct a study of the rates of the postretirement adjustments for the covered plans  
49.27 as defined in section 356.415, subdivision 2, and the St. Paul Teachers Retirement Fund  
49.28 Association, and make recommendations regarding whether they should be modified and  
49.29 whether a new methodology for determining postretirement adjustment should be adopted.  
49.30 The Legislative Commission on Pensions and Retirement shall make a determination based  
49.31 on the study during the 2021 legislative session.

49.32 **EFFECTIVE DATE.** This section is effective the day following final enactment.

50.1

**ARTICLE 6**

50.2

**INTEREST RATE CONFORMING CHANGES**

50.3 Section 1. Minnesota Statutes 2016, section 3A.03, subdivision 2, is amended to read:

50.4 Subd. 2. **Refund.** (a) A former member who has made contributions under subdivision  
50.5 1 and who is no longer a member of the legislature is entitled to receive, upon written  
50.6 application to the executive director on a form prescribed by the executive director, a refund  
50.7 from the general fund of all contributions credited to the member's account with interest  
50.8 computed as provided in section 352.22, subdivision 2.

50.9 (b) The refund of contributions as provided in paragraph (a) terminates all rights of a  
50.10 former member of the legislature and the survivors of the former member under this chapter.

50.11 (c) If the former member of the legislature again becomes a member of the legislature  
50.12 after having taken a refund as provided in paragraph (a), the member is a member of the  
50.13 unclassified employees retirement program of the Minnesota State Retirement System.

50.14 (d) However, the member may reinstate the rights and credit for service previously  
50.15 forfeited under this chapter if the member repays all refunds taken, plus interest at the ~~rate~~  
50.16 ~~of 8.5 percent until June 30, 2015, and eight percent thereafter~~ applicable annual rate or  
50.17 rates specified in section 356.59, subdivision 2, compounded annually, from the date on  
50.18 which the refund was taken to the date on which the refund is repaid.

50.19 (e) A member of the legislature who has received a refund from any of the retirement  
50.20 plans specified in section 356.311, paragraph (b), may repay the refund to the respective  
50.21 plan under such terms and conditions consistent with the law governing the retirement plan  
50.22 if the law governing the plan permits the repayment of refunds. If the total amount to be  
50.23 repaid, including principal and interest exceeds \$2,000, repayment may be made in three  
50.24 equal installments over a period of 18 months, with the interest accrued during the period  
50.25 of the repayment added to the final installment.

50.26 ~~(e)~~ (f) No person may be required to apply for or to accept a refund.

50.27 **EFFECTIVE DATE.** This section is effective July 1, 2017.

50.28 Sec. 2. Minnesota Statutes 2016, section 352.01, subdivision 13a, is amended to read:

50.29 Subd. 13a. **Reduced salary during period of workers' compensation.** An employee  
50.30 on leave of absence receiving temporary workers' compensation payments and a reduced  
50.31 salary or no salary from the employer who is entitled to allowable service credit for the  
50.32 period of absence, may make payment to the fund for the difference between salary received,

51.1 if any, and the salary the employee would normally receive if not on leave of absence during  
51.2 the period. The employee shall pay an amount equal to the employee and employer  
51.3 contribution rate under section 352.04, subdivisions 2 and 3, on the differential salary amount  
51.4 for the period of the leave of absence.

51.5 The employing department, at its option, may pay the employer amount on behalf of its  
51.6 employees. Payment made under this subdivision must include interest at the ~~rate of 8.5~~  
51.7 ~~percent until June 30, 2015, and eight percent thereafter per year~~ applicable annual rate or  
51.8 rates specified in section 356.59, subdivision 2, and must be completed within one year of  
51.9 the return from leave of absence.

51.10 **EFFECTIVE DATE.** This section is effective July 1, 2017.

51.11 Sec. 3. Minnesota Statutes 2016, section 352.017, subdivision 2, is amended to read:

51.12 Subd. 2. **Purchase procedure.** (a) An employee covered by a plan specified in this  
51.13 chapter may purchase credit for allowable service in that plan for a period specified in  
51.14 subdivision 1 if the employee makes a payment as specified in paragraph (b) or (c), whichever  
51.15 applies. The employing unit, at its option, may pay the employer portion of the amount  
51.16 specified in paragraph (b) on behalf of its employees.

51.17 (b) If payment is received by the executive director within one year from the date the  
51.18 employee returned to work following the authorized leave, the payment amount is equal to  
51.19 the employee and employer contribution rates specified in law for the applicable plan at the  
51.20 end of the leave period multiplied by the employee's hourly rate of salary on the date of  
51.21 return from the leave of absence and by the days and months of the leave of absence for  
51.22 which the employee is eligible for allowable service credit. The payment must include  
51.23 compound interest at the ~~monthly rate of 0.71 percent until June 30, 2015, and 0.667 percent~~  
51.24 ~~per month thereafter~~ applicable monthly rate or rates specified in section 356.59, subdivision  
51.25 2, from the last day of the leave period until the last day of the month in which payment is  
51.26 received. If payment is received by the executive director after one year, the payment amount  
51.27 is the amount determined under section 356.551. Payment under this paragraph must be  
51.28 made before the date of termination from public employment covered under this chapter.

51.29 (c) If the employee terminates employment covered by this chapter during the leave or  
51.30 following the leave rather than returning to covered employment, payment must be received  
51.31 by the executive director within 30 days after the termination date. The payment amount is  
51.32 equal to the employee and employer contribution rates specified in law for the applicable  
51.33 plan on the day prior to the termination date, multiplied by the employee's hourly rate of  
51.34 salary on that date and by the days and months of the leave of absence prior to termination.

52.1 **EFFECTIVE DATE.** This section is effective July 1, 2017.

52.2 Sec. 4. Minnesota Statutes 2016, section 352.04, subdivision 8, is amended to read:

52.3 Subd. 8. **Department required to pay omitted salary deductions.** (a) If a department  
52.4 fails to take deductions past due for a period of 60 days or less from an employee's salary  
52.5 as provided in this section, those deductions must be taken on later payroll abstracts.

52.6 (b) If a department fails to take deductions past due for a period in excess of 60 days  
52.7 from an employee's salary as provided in this section, the department, and not the employee,  
52.8 must pay on later payroll abstracts the employee and employer contributions and ~~an amount~~  
52.9 ~~equivalent to 8.5 percent until June 30, 2015, and eight percent thereafter of the total amount~~  
52.10 ~~due in lieu of interest, or if the delay in payment exceeds one year, 8.5 percent until June~~  
52.11 ~~30, 2015, and eight percent thereafter compound annual interest at the applicable annual~~  
52.12 ~~rate or rates specified in section 356.59, subdivision 2, compounded annually, from the date~~  
52.13 ~~the employee and employer contributions should have been deducted to the date payment~~  
52.14 ~~of the total amount due is paid by the department.~~

52.15 (c) If a department fails to take deductions past due for a period of 60 days or less and  
52.16 the employee is no longer in state service so that the required deductions cannot be taken  
52.17 from the salary of the employee, the department must nevertheless pay the required employer  
52.18 contributions. If any department fails to take deductions past due for a period in excess of  
52.19 60 days and the employee is no longer in state service, the omitted contributions must be  
52.20 recovered under paragraph (b).

52.21 (d) If an employee from whose salary required deductions were past due for a period of  
52.22 60 days or less leaves state service before the payment of the omitted deductions and  
52.23 subsequently returns to state service, the unpaid amount is considered the equivalent of a  
52.24 refund. The employee accrues no right by reason of the unpaid amount, except that the  
52.25 employee may pay the amount of omitted deductions as provided in section 352.23.

52.26 **EFFECTIVE DATE.** This section is effective July 1, 2017.

52.27 Sec. 5. Minnesota Statutes 2016, section 352.04, subdivision 9, is amended to read:

52.28 Subd. 9. **Erroneous deductions, canceled warrants.** (a) Deductions taken from the  
52.29 salary of an employee for the retirement fund in excess of required amounts must, upon  
52.30 discovery and verification by the department making the deduction, be refunded to the  
52.31 employee.

53.1 (b) If a deduction for the retirement fund is taken from a salary warrant or check, and  
53.2 the check is canceled or the amount of the warrant or check returned to the funds of the  
53.3 department making the payment, the sum deducted, or the part of it required to adjust the  
53.4 deductions, must be refunded to the department or institution if the department applies for  
53.5 the refund on a form furnished by the director. The department's payments must likewise  
53.6 be refunded to the department.

53.7 (c) If erroneous employee deductions and employer contributions are caused by an error  
53.8 in plan coverage involving the plan and any other plans specified in section 356.99, that  
53.9 section applies. If the employee should have been covered by the plan governed by chapter  
53.10 352D, 353D, 354B, or 354D, the employee deductions and employer contributions taken  
53.11 in error must be directly transferred to the applicable employee's account in the correct  
53.12 retirement plan, with interest at the ~~rate of 0.71 percent per month until June 30, 2015, and~~  
53.13 ~~0.667 percent per month thereafter~~ applicable monthly rate or rates specified in section  
53.14 356.59, subdivision 2, compounded annually, from the first day of the month following the  
53.15 month in which coverage should have commenced in the correct defined contribution plan  
53.16 until the end of the month in which the transfer occurs.

53.17 **EFFECTIVE DATE.** This section is effective July 1, 2017.

53.18 Sec. 6. Minnesota Statutes 2016, section 352.23, is amended to read:

53.19 **352.23 TERMINATION OF RIGHTS; REPAYMENT OF REFUND.**

53.20 (a) When any employee accepts a refund as provided in section 352.22, all existing  
53.21 allowable service credits and all rights and benefits to which the employee was entitled  
53.22 before accepting the refund terminate.

53.23 (b) Terminated service credits and rights must not again be restored until the former  
53.24 employee acquires at least six months of allowable service credit after taking the last refund.  
53.25 In that event, the employee may repay all refunds previously taken from the retirement fund.

53.26 (c) Repayment of refunds entitles the employee only to credit for service covered by (1)  
53.27 salary deductions; (2) payments previously made in lieu of salary deductions as permitted  
53.28 under law in effect when the payment in lieu of deductions was made; (3) payments made  
53.29 to obtain credit for service as permitted by laws in effect when payment was made; and (4)  
53.30 allowable service previously credited while receiving temporary workers' compensation as  
53.31 provided in section 352.01, subdivision 11, paragraph (a), clause (3).

53.32 (d) Payments under this section for repayment of refunds are to be paid with interest at  
53.33 the ~~rate of 8.5 percent until June 30, 2015, and eight percent thereafter~~ applicable annual

54.1 rate or rates specified in section 356.59, subdivision 2, compounded annually, from the date  
54.2 the refund was taken until the date the refund is repaid. They may be paid in a lump sum  
54.3 or by payroll deduction in the manner provided in section 352.04. Payment may be made  
54.4 in a lump sum up to six months after termination from service.

54.5 **EFFECTIVE DATE.** This section is effective July 1, 2017.

54.6 Sec. 7. Minnesota Statutes 2016, section 352.27, is amended to read:

54.7 **352.27 CREDIT FOR BREAK IN SERVICE TO PROVIDE UNIFORMED**  
54.8 **SERVICE.**

54.9 (a) An employee who is absent from employment by reason of service in the uniformed  
54.10 services, as defined in United States Code, title 38, section 4303(13), and who returns to  
54.11 state service upon discharge from service in the uniformed service within the time frames  
54.12 required in United States Code, title 38, section 4312(e), may obtain service credit for the  
54.13 period of the uniformed service as further specified in this section, provided that the employee  
54.14 did not separate from uniformed service with a dishonorable or bad conduct discharge or  
54.15 under other than honorable conditions.

54.16 (b) The employee may obtain credit by paying into the fund an equivalent employee  
54.17 contribution based upon the contribution rate or rates in effect at the time that the uniformed  
54.18 service was performed multiplied by the full and fractional years being purchased and  
54.19 applied to the annual salary rate. The annual salary rate is the average annual salary during  
54.20 the purchase period that the employee would have received if the employee had continued  
54.21 to be employed in covered employment rather than to provide uniformed service, or, if the  
54.22 determination of that rate is not reasonably certain, the annual salary rate is the employee's  
54.23 average salary rate during the 12-month period of covered employment rendered immediately  
54.24 preceding the period of the uniformed service.

54.25 (c) The equivalent employer contribution and, if applicable, the equivalent additional  
54.26 employer contribution provided in this chapter must be paid by the department employing  
54.27 the employee from funds available to the department at the time and in the manner provided  
54.28 in this chapter, using the employer and additional employer contribution rate or rates in  
54.29 effect at the time that the uniformed service was performed, applied to the same annual  
54.30 salary rate or rates used to compute the equivalent employee contribution.

54.31 (d) If the employee equivalent contributions provided in this section are not paid in full,  
54.32 the employee's allowable service credit must be prorated by multiplying the full and fractional  
54.33 number of years of uniformed service eligible for purchase by the ratio obtained by dividing

55.1 the total employee contribution received by the total employee contribution otherwise  
55.2 required under this section.

55.3 (e) To receive service credit under this section, the contributions specified in this section  
55.4 must be transmitted to the Minnesota State Retirement System during the period which  
55.5 begins with the date on which the individual returns to state service and which has a duration  
55.6 of three times the length of the uniformed service period, but not to exceed five years. If  
55.7 the determined payment period is less than one year, the contributions required under this  
55.8 section to receive service credit may be made within one year of the discharge date.

55.9 (f) The amount of service credit obtainable under this section may not exceed five years  
55.10 unless a longer purchase period is required under United States Code, title 38, section 4312.

55.11 (g) The employing unit shall pay interest on all equivalent employee and employer  
55.12 contribution amounts payable under this section. Interest must be ~~computed at the rate of~~  
55.13 ~~8.5 percent until June 30, 2015, and eight percent thereafter~~ at the applicable annual rate or  
55.14 rates specified in section 356.59, subdivision 2, compounded annually, from the end of each  
55.15 fiscal year of the leave or the break in service to the end of the month in which the payment  
55.16 is received.

55.17 **EFFECTIVE DATE.** This section is effective July 1, 2017.

55.18 Sec. 8. Minnesota Statutes 2016, section 352.955, subdivision 3, is amended to read:

55.19 Subd. 3. **Payment of additional equivalent contributions.** (a) An eligible employee  
55.20 who is transferred to plan coverage and who elects to transfer past service credit under this  
55.21 section must pay an additional member contribution for that prior service period. The  
55.22 additional member contribution is the amount computed under paragraph (b), plus the greater  
55.23 of the amount computed under paragraph (c), or 40 percent of the unfunded actuarial accrued  
55.24 liability attributable to the past service credit transfer.

55.25 (b) The executive director shall compute, for the most recent 12 months of service credit  
55.26 eligible for transfer, or for the entire period eligible for transfer if less than 12 months, the  
55.27 difference between the employee contribution rate or rates for the general state employees  
55.28 retirement plan and the employee contribution rate or rates for the correctional state  
55.29 employees retirement plan applied to the eligible employee's salary during that transfer  
55.30 period, plus compound interest at the applicable monthly rate of 0.71 percent until June 30,  
55.31 2015, and 0.667 percent per month thereafter or rates specified in section 356.59, subdivision  
55.32 2.

56.1 (c) The executive director shall compute, for any service credit being transferred on  
56.2 behalf of the eligible employee and not included under paragraph (b), the difference between  
56.3 the employee contribution rate or rates for the general state employees retirement plan and  
56.4 the employee contribution rate or rates for the correctional state employees retirement plan  
56.5 applied to the eligible employee's salary during that transfer period, plus compound interest  
56.6 at the ~~monthly rate of 0.71 percent until June 30, 2015, and 0.667 percent per month~~  
56.7 ~~thereafter~~ applicable monthly rate or rates specified in section 356.59, subdivision 2.

56.8 (d) The executive director shall compute an amount using the process specified in  
56.9 paragraph (b), but based on differences in employer contribution rates between the general  
56.10 state employees retirement plan and the correctional state employees retirement plan rather  
56.11 than employee contribution rates.

56.12 (e) The executive director shall compute an amount using the process specified in  
56.13 paragraph (c), but based on differences in employer contribution rates between the general  
56.14 state employees retirement plan and the correctional state employees retirement plan rather  
56.15 than employee contribution rates.

56.16 (f) The additional equivalent member contribution under this subdivision must be paid  
56.17 in a lump sum. Payment must accompany the election to transfer the prior service credit.  
56.18 No transfer election or additional equivalent member contribution payment may be made  
56.19 by a person or accepted by the executive director after the one year anniversary date of the  
56.20 effective date of the retirement coverage transfer, or the date on which the eligible employee  
56.21 terminates state employment, whichever is earlier.

56.22 (g) If an eligible employee elects to transfer past service credit under this section and  
56.23 pays the additional equivalent member contribution amount under paragraph (a), the  
56.24 applicable department shall pay an additional equivalent employer contribution amount.  
56.25 The additional employer contribution is the amount computed under paragraph (d), plus the  
56.26 greater of the amount computed under paragraph (e), or 60 percent of the unfunded actuarial  
56.27 accrued liability attributable to the past service credit transfer.

56.28 (h) The unfunded actuarial accrued liability attributable to the past service credit transfer  
56.29 is the present value of the benefit obtained by the transfer of the service credit to the  
56.30 correctional state employees retirement plan reduced by the amount of the asset transfer  
56.31 under subdivision 4, by the amount of the member contribution equivalent payment computed  
56.32 under paragraph (b), and by the amount of the employer contribution equivalent payment  
56.33 computed under paragraph (d).



57.1 (i) The additional equivalent employer contribution under this subdivision must be paid  
57.2 in a lump sum and must be paid within 30 days of the date on which the executive director  
57.3 of the Minnesota State Retirement System certifies to the applicable department that the  
57.4 employee paid the additional equivalent member contribution.

57.5 **EFFECTIVE DATE.** This section is effective July 1, 2017.

57.6 Sec. 9. Minnesota Statutes 2016, section 352B.013, subdivision 2, is amended to read:

57.7 Subd. 2. **Purchase procedure.** (a) An employee covered by the plan specified in this  
57.8 chapter may purchase credit for allowable service in the plan for a period specified in  
57.9 subdivision 1 if the employee makes a payment as specified in paragraph (b) or (c), whichever  
57.10 applies. The employing unit, at its option, may pay the employer portion of the amount  
57.11 specified in paragraph (b) on behalf of its employees.

57.12 (b) If payment is received by the executive director within one year from the date the  
57.13 employee returned to work following the authorized leave, the payment amount is equal to  
57.14 the employee and employer contribution rates specified in section 352B.02 at the end of  
57.15 the leave period multiplied by the employee's hourly rate of salary on the date of return  
57.16 from the leave of absence and by the days and months of the leave of absence for which  
57.17 the employee is eligible for allowable service credit. The payment must include compound  
57.18 interest at the ~~monthly rate of 0.71 percent until June 30, 2015, and 0.667 percent per month~~  
57.19 ~~thereafter~~ applicable monthly rate or rates specified in section 356.59, subdivision 2, from  
57.20 the last day of the leave period until the last day of the month in which payment is received.  
57.21 If payment is received by the executive director after one year from the date the employee  
57.22 returned to work following the authorized leave, the payment amount is the amount  
57.23 determined under section 356.551. Payment under this paragraph must be made before the  
57.24 date of termination from public employment covered under this chapter.

57.25 (c) If the employee terminates employment covered by this chapter during the leave or  
57.26 following the leave rather than returning to covered employment, payment must be received  
57.27 by the executive director within 30 days after the termination date. The payment amount is  
57.28 equal to the employee and employer contribution rates specified in section 352B.02 on the  
57.29 day prior to the termination date, multiplied by the employee's hourly rate of salary on that  
57.30 date and by the days and months of the leave of absence prior to termination.

57.31 **EFFECTIVE DATE.** This section is effective July 1, 2017.

58.1 Sec. 10. Minnesota Statutes 2016, section 352B.085, is amended to read:

58.2 **352B.085 SERVICE CREDIT FOR CERTAIN DISABILITY LEAVES OF**  
58.3 **ABSENCE.**

58.4 A member on leave of absence receiving temporary workers' compensation payments  
58.5 and a reduced salary or no salary from the employer who is entitled to allowable service  
58.6 credit for the period of absence under section 352B.011, subdivision 3, paragraph (b), may  
58.7 make payment to the fund for the difference between salary received, if any, and the salary  
58.8 that the member would normally receive if the member was not on leave of absence during  
58.9 the period. The member shall pay an amount equal to the member and employer contribution  
58.10 rate under section 352B.02, subdivisions 1b and 1c, on the differential salary amount for  
58.11 the period of the leave of absence. The employing department, at its option, may pay the  
58.12 employer amount on behalf of the member. Payment made under this subdivision must  
58.13 include interest at the ~~rate of 8.5 percent until June 30, 2015, and eight percent thereafter~~  
58.14 per year applicable annual rate or rates specified in section 356.59, subdivision 2, and must  
58.15 be completed within one year of the member's return from the leave of absence.

58.16 **EFFECTIVE DATE.** This section is effective July 1, 2017.

58.17 Sec. 11. Minnesota Statutes 2016, section 352B.086, is amended to read:

58.18 **352B.086 SERVICE CREDIT FOR UNIFORMED SERVICE.**

58.19 (a) A member who is absent from employment by reason of service in the uniformed  
58.20 services, as defined in United States Code, title 38, section 4303(13), and who returns to  
58.21 state employment in a position covered by the plan upon discharge from service in the  
58.22 uniformed services within the time frame required in United States Code, title 38, section  
58.23 4312(e), may obtain service credit for the period of the uniformed service, provided that  
58.24 the member did not separate from uniformed service with a dishonorable or bad conduct  
58.25 discharge or under other than honorable conditions.

58.26 (b) The member may obtain credit by paying into the fund an equivalent member  
58.27 contribution based on the member contribution rate or rates in effect at the time that the  
58.28 uniformed service was performed multiplied by the full and fractional years being purchased  
58.29 and applied to the annual salary rate. The annual salary rate is the average annual salary  
58.30 during the purchase period that the member would have received if the member had continued  
58.31 to provide employment services to the state rather than to provide uniformed service, or if  
58.32 the determination of that rate is not reasonably certain, the annual salary rate is the member's

59.1 average salary rate during the 12-month period of covered employment rendered immediately  
59.2 preceding the purchase period.

59.3 (c) The equivalent employer contribution and, if applicable, the equivalent employer  
59.4 additional contribution, must be paid by the employing unit, using the employer and employer  
59.5 additional contribution rate or rates in effect at the time that the uniformed service was  
59.6 performed, applied to the same annual salary rate or rates used to compute the equivalent  
59.7 member contribution.

59.8 (d) If the member equivalent contributions provided for in this section are not paid in  
59.9 full, the member's allowable service credit must be prorated by multiplying the full and  
59.10 fractional number of years of uniformed service eligible for purchase by the ratio obtained  
59.11 by dividing the total member contributions received by the total member contributions  
59.12 otherwise required under this section.

59.13 (e) To receive allowable service credit under this section, the contributions specified in  
59.14 this section must be transmitted to the fund during the period which begins with the date  
59.15 on which the individual returns to state employment covered by the plan and which has a  
59.16 duration of three times the length of the uniformed service period, but not to exceed five  
59.17 years. If the determined payment period is calculated to be less than one year, the  
59.18 contributions required under this section to receive service credit must be transmitted to the  
59.19 fund within one year from the discharge date.

59.20 (f) The amount of allowable service credit obtainable under this section may not exceed  
59.21 five years, unless a longer purchase period is required under United States Code, title 38,  
59.22 section 4312.

59.23 (g) The employing unit shall pay interest on all equivalent member and employer  
59.24 contribution amounts payable under this section. Interest must be computed at the ~~rate of~~  
59.25 ~~8.5 percent until June 30, 2015, and eight percent thereafter~~ applicable annual rate or rates  
59.26 specified in section 356.59, subdivision 2, compounded annually, from the end of each  
59.27 fiscal year of the leave or break in service to the end of the month in which payment is  
59.28 received.

59.29 **EFFECTIVE DATE.** This section is effective July 1, 2017.

59.30 Sec. 12. Minnesota Statutes 2016, section 352B.11, subdivision 4, is amended to read:

59.31 Subd. 4. **Reentry into state service; refund repayment.** (a) When a former member,  
59.32 who has become separated from state service that entitled the member to membership and  
59.33 has received a refund of retirement payments, reenters the state service in a position that

60.1 entitles the member to membership, that member shall receive credit for the period of prior  
60.2 allowable state service if the member repays into the fund the amount of the refund, plus  
60.3 interest ~~on it at the rate of 8.5 percent until June 30, 2015, and eight percent thereafter~~ at  
60.4 the applicable annual rate or rates specified in section 356.59, subdivision 2, compounded  
60.5 annually, at any time before subsequent retirement. Repayment may be made in installments  
60.6 or in a lump sum.

60.7 (b) A person who has received a refund from the State Patrol retirement fund who is a  
60.8 member of a public retirement system included in section 356.311 may repay the refund  
60.9 with interest to the State Patrol retirement fund as provided in paragraph (a).

60.10 **EFFECTIVE DATE.** This section is effective July 1, 2017.

60.11 Sec. 13. Minnesota Statutes 2016, section 352D.05, subdivision 4, is amended to read:

60.12 Subd. 4. **Repayment of refund.** (a) A participant in the unclassified program may repay  
60.13 regular refunds taken under section 352.22, as provided in section 352.23.

60.14 (b) A participant in the unclassified program or an employee covered by the general  
60.15 employees retirement plan who has withdrawn the value of the total shares may repay the  
60.16 refund taken and thereupon restore the service credit, rights and benefits forfeited by paying  
60.17 into the fund the amount refunded plus interest at the ~~rate of 8.5 percent until June 30, 2015,~~  
60.18 ~~and eight percent thereafter~~ applicable annual rate or rates specified in section 356.59,  
60.19 subdivision 2, compounded annually, from the date that the refund was taken until the date  
60.20 that the refund is repaid. If the participant had withdrawn only the employee shares as  
60.21 permitted under prior laws, repayment must be pro rata.

60.22 (c) Except as provided in section 356.441, the repayment of a refund under this section  
60.23 must be made in a lump sum.

60.24 **EFFECTIVE DATE.** This section is effective July 1, 2017.

60.25 Sec. 14. Minnesota Statutes 2016, section 352D.11, subdivision 2, is amended to read:

60.26 Subd. 2. **Payments by employee.** An employee entitled to purchase service credit may  
60.27 make the purchase by paying to the state retirement system an amount equal to the current  
60.28 employee contribution rate in effect for the state retirement system applied to the current  
60.29 or final salary rate multiplied by the months and days of prior temporary, intermittent, or  
60.30 contract legislative service. Payment shall be made in one lump sum unless the executive  
60.31 director of the state retirement system agrees to accept payment in installments over a period  
60.32 of not more than three years from the date of the agreement. Installment payments shall be

61.1 charged interest at the ~~rate of 8.5 percent until June 30, 2015, and eight percent thereafter~~  
61.2 applicable annual rate or rates specified in section 356.59, subdivision 2, compounded  
61.3 annually.

61.4 **EFFECTIVE DATE.** This section is effective July 1, 2017.

61.5 Sec. 15. Minnesota Statutes 2016, section 352D.12, is amended to read:

61.6 **352D.12 TRANSFER OF PRIOR SERVICE CONTRIBUTIONS.**

61.7 (a) An employee who is a participant in the unclassified program and who has prior  
61.8 service credit in a covered plan under chapter 352, 353, 354, 354A, or 422A may, within  
61.9 the time limits specified in this section, elect to transfer to the unclassified program prior  
61.10 service contributions to one or more of those plans.

61.11 (b) For participants with prior service credit in a plan governed by chapter 352, 353,  
61.12 354, 354A, or 422A, "prior service contributions" means the accumulated employee and  
61.13 equal employer contributions with interest at the ~~rate of 8.5 percent until June 30, 2015,~~  
61.14 ~~and eight percent thereafter~~ applicable annual rate or rates specified in section 356.59,  
61.15 subdivision 2, compounded annually, based on fiscal year balances.

61.16 (c) If a participant has taken a refund from a retirement plan listed in this section, the  
61.17 participant may repay the refund to that plan, notwithstanding any restrictions on repayment  
61.18 to that plan, ~~plus 8.5 percent interest until June 30, 2015, and eight percent interest thereafter~~  
61.19 with interest at the applicable annual rate or rates specified in section 356.59, subdivision  
61.20 2, compounded annually, and have the accumulated employee and equal employer  
61.21 contributions transferred to the unclassified program with interest at the rate of 8.5 percent  
61.22 until June 30, 2015, and eight percent thereafter compounded annually based on fiscal year  
61.23 balances. If a person repays a refund and subsequently elects to have the money transferred  
61.24 to the unclassified program, the repayment amount, including interest, is added to the fiscal  
61.25 year balance in the year which the repayment was made.

61.26 (d) A participant electing to transfer prior service contributions credited to a retirement  
61.27 plan governed by chapter 352, 353, 354, 354A, or 422A as provided under this section must  
61.28 complete a written application for the transfer and repay any refund within one year of the  
61.29 commencement of the employee's participation in the unclassified program.

61.30 **EFFECTIVE DATE.** This section is effective July 1, 2017.

61.31 Sec. 16. Minnesota Statutes 2016, section 353.01, subdivision 16, is amended to read:

61.32 **Subd. 16. Allowable service; limits and computation.** (a) "Allowable service" means:

62.1 (1) service during years of actual membership in the course of which employee deductions  
62.2 were withheld from salary and contributions were made at the applicable rates under section  
62.3 353.27, 353.65, or 353E.03;

62.4 (2) periods of service covered by payments in lieu of salary deductions under sections  
62.5 353.27, subdivisions 12 and 12a, and 353.35;

62.6 (3) service in years during which the public employee was not a member but for which  
62.7 the member later elected, while a member, to obtain credit by making payments to the fund  
62.8 as permitted by any law then in effect;

62.9 (4) a period of authorized leave of absence during which the employee receives pay as  
62.10 specified in subdivision 10, paragraph (a), clause (4) or (5), from which deductions for  
62.11 employee contributions are made, deposited, and credited to the fund;

62.12 (5) a period of authorized leave of absence without pay, or with pay that is not included  
62.13 in the definition of salary under subdivision 10, paragraph (a), clause (4) or (5), for which  
62.14 salary deductions are not authorized, and for which a member obtained service credit for  
62.15 up to 12 months of the authorized leave period by payment under section 353.0161 or  
62.16 353.0162, to the fund made in place of salary deductions;

62.17 (6) a periodic, repetitive leave that is offered to all employees of a governmental  
62.18 subdivision. The leave program may not exceed 208 hours per annual normal work cycle  
62.19 as certified to the association by the employer. A participating member obtains service credit  
62.20 by making employee contributions in an amount or amounts based on the member's average  
62.21 salary, excluding overtime pay, that would have been paid if the leave had not been taken.  
62.22 The employer shall pay the employer and additional employer contributions on behalf of  
62.23 the participating member. The employee and the employer are responsible to pay interest  
62.24 on their respective shares at the ~~rate of 8.5 percent until June 30, 2015, and eight percent~~  
62.25 ~~thereafter~~ applicable rate or rates specified in section 356.59, subdivision 3, compounded  
62.26 annually, from the end of the normal cycle until full payment is made. An employer shall  
62.27 also make the employer and additional employer contributions, plus ~~8.5 percent~~ interest  
62.28 ~~until June 30, 2015, and eight percent interest thereafter~~ at the applicable rate or rates specified  
62.29 in section 356.59, subdivision 3, compounded annually, on behalf of an employee who  
62.30 makes employee contributions but terminates public service. The employee contributions  
62.31 must be made within one year after the end of the annual normal working cycle or within  
62.32 30 days after termination of public service, whichever is sooner. The executive director  
62.33 shall prescribe the manner and forms to be used by a governmental subdivision in

63.1 administering a periodic, repetitive leave. Upon payment, the member must be granted  
63.2 allowable service credit for the purchased period;

63.3 (7) an authorized temporary or seasonal layoff under subdivision 12, limited to three  
63.4 months allowable service per authorized temporary or seasonal layoff in one calendar year.  
63.5 An employee who has received the maximum service credit allowed for an authorized  
63.6 temporary or seasonal layoff must return to public service and must obtain a minimum of  
63.7 three months of allowable service subsequent to the layoff in order to receive allowable  
63.8 service for a subsequent authorized temporary or seasonal layoff;

63.9 (8) a period during which a member is absent from employment by a governmental  
63.10 subdivision by reason of service in the uniformed services, as defined in United States Code,  
63.11 title 38, section 4303(13), if the member returns to public service with the same governmental  
63.12 subdivision upon discharge from service in the uniformed service within the time frames  
63.13 required under United States Code, title 38, section 4312(e), provided that the member did  
63.14 not separate from uniformed service with a dishonorable or bad conduct discharge or under  
63.15 other than honorable conditions. The service must be credited if the member pays into the  
63.16 fund equivalent employee contributions based upon the contribution rate or rates in effect  
63.17 at the time that the uniformed service was performed multiplied by the full and fractional  
63.18 years being purchased and applied to the annual salary rate. The annual salary rate is the  
63.19 average annual salary during the purchase period that the member would have received if  
63.20 the member had continued to be employed in covered employment rather than to provide  
63.21 uniformed service, or, if the determination of that rate is not reasonably certain, the annual  
63.22 salary rate is the member's average salary rate during the 12-month period of covered  
63.23 employment rendered immediately preceding the period of the uniformed service. Payment  
63.24 of the member equivalent contributions must be made during a period that begins with the  
63.25 date on which the individual returns to public employment and that is three times the length  
63.26 of the military leave period, or within five years of the date of discharge from the military  
63.27 service, whichever is less. If the determined payment period is less than one year, the  
63.28 contributions required under this clause to receive service credit may be made within one  
63.29 year of the discharge date. Payment may not be accepted following 30 days after termination  
63.30 of public service under subdivision 11a. If the member equivalent contributions provided  
63.31 for in this clause are not paid in full, the member's allowable service credit must be prorated  
63.32 by multiplying the full and fractional number of years of uniformed service eligible for  
63.33 purchase by the ratio obtained by dividing the total member contributions received by the  
63.34 total member contributions otherwise required under this clause. The equivalent employer  
63.35 contribution, and, if applicable, the equivalent additional employer contribution must be

64.1 paid by the governmental subdivision employing the member if the member makes the  
64.2 equivalent employee contributions. The employer payments must be made from funds  
64.3 available to the employing unit, using the employer and additional employer contribution  
64.4 rate or rates in effect at the time that the uniformed service was performed, applied to the  
64.5 same annual salary rate or rates used to compute the equivalent member contribution. The  
64.6 governmental subdivision involved may appropriate money for those payments. The amount  
64.7 of service credit obtainable under this section may not exceed five years unless a longer  
64.8 purchase period is required under United States Code, title 38, section 4312. The employing  
64.9 unit shall pay interest on all equivalent member and employer contribution amounts payable  
64.10 under this clause. Interest must be computed at the ~~rate of 8.5 percent until June 30, 2015,~~  
64.11 ~~and eight percent thereafter~~ applicable rate or rates specified in section 356.59, subdivision  
64.12 3, compounded annually, from the end of each fiscal year of the leave or the break in service  
64.13 to the end of the month in which the payment is received. Upon payment, the employee  
64.14 must be granted allowable service credit for the purchased period; or

64.15 (9) a period specified under section 353.0162.

64.16 (b) No member may receive more than 12 months of allowable service credit in a year  
64.17 either for vesting purposes or for benefit calculation purposes.

64.18 (c) For an active member who was an active member of the former Minneapolis  
64.19 Firefighters Relief Association on December 29, 2011, "allowable service" is the period of  
64.20 service credited by the Minneapolis Firefighters Relief Association as reflected in the  
64.21 transferred records of the association up to December 30, 2011, and the period of service  
64.22 credited under paragraph (a), clause (1), after December 30, 2011. For an active member  
64.23 who was an active member of the former Minneapolis Police Relief Association on December  
64.24 29, 2011, "allowable service" is the period of service credited by the Minneapolis Police  
64.25 Relief Association as reflected in the transferred records of the association up to December  
64.26 30, 2011, and the period of service credited under paragraph (a), clause (1), after December  
64.27 30, 2011.

64.28 **EFFECTIVE DATE.** This section is effective July 1, 2017.

64.29 Sec. 17. Minnesota Statutes 2016, section 353.0161, subdivision 2, is amended to read:

64.30 Subd. 2. **Purchase procedure.** (a) An employee covered by a plan specified in  
64.31 subdivision 1 may purchase credit for allowable service in that plan for a period specified  
64.32 in subdivision 1 if the employee makes a payment as specified in paragraph (b) or (c),  
64.33 whichever applies. The employing unit, at its option, may pay the employer portion of the  
64.34 amount specified in paragraph (b) on behalf of its employees.



65.1 (b) If payment is received by the executive director within one year from the date the  
65.2 member returned to work following the authorized leave, or within 30 days after the date  
65.3 of termination of public service if the member did not return to work, the payment amount  
65.4 is equal to the employee and employer contribution rates specified in law for the applicable  
65.5 plan at the end of the leave period, or at termination of public service, whichever is earlier,  
65.6 multiplied by the employee's average monthly salary, excluding overtime, upon which  
65.7 deductions were paid during the six months, or portion thereof, before the commencement  
65.8 of the leave of absence and by the number of months of the leave of absence for which the  
65.9 employee wants allowable service credit. Payments made under this paragraph must include  
65.10 ~~compound~~ interest at the ~~monthly rate of 0.71 percent until June 30, 2015, and 0.667 percent~~  
65.11 applicable rate or rates specified in section 356.59, subdivision 2, per month thereafter,  
65.12 compounded annually, from the last day of the leave period until the last day of the month  
65.13 in which payment is received.

65.14 (c) If payment is received by the executive director after one year, the payment amount  
65.15 is the amount determined under section 356.551. Payment under this paragraph must be  
65.16 made before the date the person terminates public service under section 353.01, subdivision  
65.17 11a.

65.18 **EFFECTIVE DATE.** This section is effective July 1, 2017.

65.19 Sec. 18. Minnesota Statutes 2016, section 353.0162, is amended to read:

65.20 **353.0162 REDUCED SALARY PERIODS SALARY CREDIT PURCHASE.**

65.21 (a) A member may purchase additional salary credit for a period specified in this section.

65.22 (b) The applicable period is a period during which the member is receiving a reduced  
65.23 salary from the employer while the member is:

65.24 (1) receiving temporary workers' compensation payments related to the member's service  
65.25 to the public employer;

65.26 (2) on an authorized leave of absence; or

65.27 (3) on an authorized partial paid leave of absence as a result of a budgetary or salary  
65.28 savings program offered or mandated by a governmental subdivision.

65.29 (c) The differential salary amount is the difference between the average monthly salary  
65.30 received by the member during the period of reduced salary under this section and the  
65.31 average monthly salary of the member, excluding overtime, on which contributions to the  
65.32 applicable plan were made during the period of the last six months of covered employment

66.1 occurring immediately before the period of reduced salary, applied to the member's normal  
66.2 employment period, measured in hours or otherwise, as applicable.

66.3 (d) To receive eligible salary credit, the member shall pay an amount equal to:

66.4 (1) the applicable employee contribution rate under section 353.27, subdivision 2; 353.65,  
66.5 subdivision 2; or 353E.03, subdivision 1, as applicable, multiplied by the differential salary  
66.6 amount;

66.7 (2) plus an employer equivalent payment equal to the applicable employer contribution  
66.8 rate in section 353.27, subdivision 3; 353.65, subdivision 3; or 353E.03, subdivision 2, as  
66.9 applicable, multiplied by the differential salary amount;

66.10 (3) plus, if applicable, an equivalent employer additional amount equal to the additional  
66.11 employer contribution rate in section 353.27, subdivision 3a, multiplied by the differential  
66.12 salary amount.

66.13 (e) The employer, by appropriate action of its governing body and documented in its  
66.14 official records, may pay the employer equivalent contributions and, as applicable, the  
66.15 equivalent employer additional contributions on behalf of the member.

66.16 (f) Payment under this section must include interest on the contribution amount or  
66.17 amounts, whichever applies, at ~~an 8.5 percent annual rate until June 30, 2015, and at an~~  
66.18 ~~eight percent annual rate thereafter~~ the applicable rate or rates specified in section 356.59,  
66.19 subdivision 3, compounded annually, prorated for applicable the number of months, if less  
66.20 than 12, from the date on which the period of reduced salary specified under this section  
66.21 terminates to the date on which the payment or payments are received by the executive  
66.22 director. Payment under this section must be completed within the earlier of 30 days from  
66.23 termination of public service by the employee under section 353.01, subdivision 11a, or  
66.24 one year after the termination of the period specified in paragraph (b), as further restricted  
66.25 under this section.

66.26 (g) The period for which additional allowable salary credit may be purchased is limited  
66.27 to the period during which the person receives temporary workers' compensation payments  
66.28 or for those business years in which the governmental subdivision offers or mandates a  
66.29 budget or salary savings program, as certified to the executive director by a resolution of  
66.30 the governing body of the governmental subdivision. For an authorized leave of absence,  
66.31 the period for which allowable salary credit may be purchased may not exceed 12 months  
66.32 of authorized leave.

67.1 (h) To purchase salary credit for a subsequent period of temporary workers' compensation  
67.2 benefits or subsequent authorized medical leave of absence, the member must return to  
67.3 public service and render a minimum of three months of allowable service.

67.4 **EFFECTIVE DATE.** This section is effective July 1, 2017.

67.5 Sec. 19. Minnesota Statutes 2016, section 353.27, subdivision 3c, is amended to read:

67.6 Subd. 3c. **Former MERF members; member and employer contributions.** (a) For  
67.7 the period July 1, 2015, through December 31, 2031, the member contributions for former  
67.8 members of the Minneapolis Employees Retirement Fund and by the former Minneapolis  
67.9 Employees Retirement Fund-covered employing units are governed by this subdivision.

67.10 (b) The member contribution for a public employee who was a member of the former  
67.11 Minneapolis Employees Retirement Fund on June 29, 2010, is 9.75 percent of the salary of  
67.12 the employee.

67.13 (c) The employer regular contribution with respect to a public employee who was a  
67.14 member of the former Minneapolis Employees Retirement Fund on June 29, 2010, is 9.75  
67.15 percent of the salary of the employee.

67.16 (d) For calendar years 2015 and 2016, the employer supplemental contribution is the  
67.17 employing unit's share of \$31,000,000. For calendar years 2017 through 2031, the employer  
67.18 supplemental contribution is the employing unit's share of \$21,000,000.

67.19 (e) Each employing unit's share under paragraph (d) is the amount determined from an  
67.20 allocation between each employing unit in the portion equal to the unit's employer  
67.21 supplemental contribution paid or payable under Minnesota Statutes 2012, section 353.50,  
67.22 during calendar year 2014.

67.23 (f) The employer supplemental contribution amount under paragraph (d) for calendar  
67.24 year 2015 must be invoiced by the executive director of the Public Employees Retirement  
67.25 Association by July 1, 2015. The calendar year 2015 payment is payable in a single amount  
67.26 on or before September 30, 2015. For subsequent calendar years, the employer supplemental  
67.27 contribution under paragraph (d) must be invoiced on January 31 of each year and is payable  
67.28 in two parts, with the first half payable on or before July 31 and with the second half payable  
67.29 on or before December 15. Late payments are payable with ~~compound~~ compound interest, compounded  
67.30 annually, at the ~~rate of 0.71 percent~~ applicable rate or rates specified in section 356.59,  
67.31 subdivision 3, per month for each month or portion of a month that has elapsed after the  
67.32 due date.

68.1 (g) The employer supplemental contribution under paragraph (d) terminates on December  
68.2 31, 2031.

68.3 **EFFECTIVE DATE.** This section is effective July 1, 2017.

68.4 Sec. 20. Minnesota Statutes 2016, section 353.27, subdivision 7a, is amended to read:

68.5 Subd. 7a. **Deductions or contributions transmitted by error.** (a) If employee deductions  
68.6 and employer contributions under this section, section 353.50, 353.65, or 353E.03 were  
68.7 erroneously transmitted to the association, but should have been transmitted to a plan covered  
68.8 by chapter 352D, 353D, 354B, or 354D, the executive director shall transfer the erroneous  
68.9 employee deductions and employer contributions to the appropriate retirement fund or  
68.10 individual account, as applicable. The time limitations specified in subdivisions 7 and 12  
68.11 do not apply. The transfer to the applicable defined contribution plan account must include  
68.12 interest at the ~~rate of 0.71 percent per month until June 30, 2015, and 0.667 percent~~ applicable  
68.13 rate or rates specified in section 356.59, subdivision 3, per month thereafter, compounded  
68.14 annually, from the first day of the month following the month in which coverage should  
68.15 have commenced in the defined contribution plan until the end of the month in which the  
68.16 transfer occurs.

68.17 (b) A potential transfer under paragraph (a) that is reasonably determined to cause the  
68.18 plan to fail to be a qualified plan under section 401(a) of the federal Internal Revenue Code,  
68.19 as amended, must not be made by the executive director of the association. Within 30 days  
68.20 after being notified by the Public Employees Retirement Association of an unmade potential  
68.21 transfer under this paragraph, the employer of the affected person must transmit an amount  
68.22 representing the applicable salary deductions and employer contributions, without interest,  
68.23 to the retirement fund of the appropriate Minnesota public pension plan, or to the applicable  
68.24 individual account if the proper coverage is by a defined contribution plan. The association  
68.25 must provide the employing unit a credit for the amount of the erroneous salary deductions  
68.26 and employer contributions against future contributions from the employer. If the employing  
68.27 unit receives a credit under this paragraph, the employing unit is responsible for refunding  
68.28 to the applicable employee any amount that had been erroneously deducted from the person's  
68.29 salary.

68.30 (c) If erroneous employee deductions and employer contributions reflect a plan coverage  
68.31 error involving any Public Employees Retirement Association plan specified in section  
68.32 356.99 and any other plan specified in that section, section 356.99 applies.

68.33 **EFFECTIVE DATE.** This section is effective July 1, 2017.

69.1 Sec. 21. Minnesota Statutes 2016, section 353.27, subdivision 12, is amended to read:

69.2 Subd. 12. **Omitted salary deductions; obligations.** (a) In the case of omission of  
69.3 required deductions for the general employees retirement plan, the public employees police  
69.4 and fire retirement plan, or the local government correctional employees retirement plan  
69.5 from the salary of an employee, the department head or designee shall immediately, upon  
69.6 discovery, report the employee for membership and deduct the employee deductions under  
69.7 subdivision 4 during the current pay period or during the pay period immediately following  
69.8 the discovery of the omission. Payment for the omitted obligations may only be made in  
69.9 accordance with reporting procedures and methods established by the executive director.

69.10 (b) When the entire omission period of an employee does not exceed 60 days, the  
69.11 governmental subdivision may report and submit payment of the omitted employee  
69.12 deductions and the omitted employer contributions through the reporting processes under  
69.13 subdivision 4.

69.14 (c) When the omission period of an employee exceeds 60 days, the governmental  
69.15 subdivision shall furnish to the association sufficient data and documentation upon which  
69.16 the obligation for omitted employee and employer contributions can be calculated. The  
69.17 omitted employee deductions must be deducted from the employee's subsequent salary  
69.18 payment or payments and remitted to the association for deposit in the applicable retirement  
69.19 fund. The employee shall pay omitted employee deductions due for the 60 days prior to the  
69.20 end of the last pay period in the omission period during which salary was earned. The  
69.21 employer shall pay any remaining omitted employee deductions and any omitted employer  
69.22 contributions, plus cumulative interest at the annual rate of 8.5 percent until June 30, 2015,  
69.23 and eight percent thereafter compounded annually, from the date or dates each omitted  
69.24 employee contribution was first payable.

69.25 (d) An employer shall not hold an employee liable for omitted employee deductions  
69.26 beyond the pay period dates under paragraph (c), nor attempt to recover from the employee  
69.27 those employee deductions paid by the employer on behalf of the employee. Omitted  
69.28 deductions due under paragraph (c) which are not paid by the employee constitute a liability  
69.29 of the employer that failed to deduct the omitted deductions from the employee's salary.  
69.30 The employer shall make payment with interest at the ~~annual rate of 8.5 percent until June~~  
69.31 ~~30, 2015, and eight percent thereafter~~ applicable rate or rates specified in section 356.59,  
69.32 subdivision 3, compounded annually. Omitted employee deductions are no longer due if an  
69.33 employee terminates public service before making payment of omitted employee deductions  
69.34 to the association, but the employer remains liable to pay omitted employer contributions  
69.35 plus interest at the ~~annual rate of 8.5 percent until June 30, 2015, and eight percent thereafter~~

70.1 applicable rate or rates specified in section 356.59, subdivision 3, compounded annually,  
70.2 from the date the contributions were first payable.

70.3 (e) The association may not commence action for the recovery of omitted employee  
70.4 deductions and employer contributions after the expiration of three calendar years after the  
70.5 calendar year in which the contributions and deductions were omitted. Except as provided  
70.6 under paragraph (b), no payment may be made or accepted unless the association has already  
70.7 commenced action for recovery of omitted deductions. An action for recovery commences  
70.8 on the date of the mailing of any written correspondence from the association requesting  
70.9 information from the governmental subdivision upon which to determine whether or not  
70.10 omitted deductions occurred.

70.11 **EFFECTIVE DATE.** This section is effective July 1, 2017.

70.12 Sec. 22. Minnesota Statutes 2016, section 353.27, subdivision 12a, is amended to read:

70.13 Subd. 12a. **Terminated employees: omitted deductions.** A terminated employee who  
70.14 was a member of the general employees retirement plan of the Public Employees Retirement  
70.15 Association, the public employees police and fire retirement plan, or the local government  
70.16 correctional employees retirement plan and who has a period of employment in which  
70.17 previously omitted employer contributions were made under subdivision 12 but for whom  
70.18 no, or only partial, omitted employee contributions have been made, or a member who had  
70.19 prior coverage in the association for which previously omitted employer contributions were  
70.20 made under subdivision 12 but who terminated service before required omitted employee  
70.21 deductions could be withheld from salary, may pay the omitted employee deductions for  
70.22 the period on which omitted employer contributions were previously paid plus interest at  
70.23 the ~~annual rate of 8.5 percent until June 30, 2015, and eight percent thereafter~~ applicable  
70.24 rate or rates specified in section 356.59, subdivision 3, compounded annually. A terminated  
70.25 employee may pay the omitted employee deductions plus interest within six months of an  
70.26 initial notification from the association of eligibility to pay those omitted deductions. If a  
70.27 terminated employee is reemployed in a position covered under a public pension fund under  
70.28 section 356.30, subdivision 3, and elects to pay omitted employee deductions, payment  
70.29 must be made no later than six months after a subsequent termination of public service.

70.30 **EFFECTIVE DATE.** This section is effective July 1, 2017.

70.31 Sec. 23. Minnesota Statutes 2016, section 353.27, subdivision 12b, is amended to read:

70.32 Subd. 12b. **Terminated employees: immediate eligibility.** If deductions were omitted  
70.33 from salary adjustments or final salary of a terminated employee who was a member of the

71.1 general employees retirement plan, the public employees police and fire retirement plan,  
71.2 or the local government correctional employees retirement plan and who is immediately  
71.3 eligible to draw a monthly benefit, the employer shall pay the omitted employer and employer  
71.4 additional contributions plus interest on both the employer and employee amounts due at  
71.5 ~~an annual rate of 8.5 percent~~ the applicable rate or rates specified in section 356.59,  
71.6 subdivision 3, compounded annually. The employee shall pay the employee deductions  
71.7 within six months of an initial notification from the association of eligibility to pay omitted  
71.8 deductions or the employee forfeits the right to make the payment.

71.9 **EFFECTIVE DATE.** This section is effective July 1, 2017.

71.10 Sec. 24. Minnesota Statutes 2016, section 353.28, subdivision 5, is amended to read:

71.11 Subd. 5. **Interest chargeable on amounts due.** Any amount due under this section or  
71.12 section 353.27, subdivision 4, is payable with interest at the ~~annual compound rate of 8.5~~  
71.13 ~~percent until June 30, 2015, and eight percent thereafter~~ applicable rate or rates specified  
71.14 in section 356.59, subdivision 3, compounded annually, from the date due until the date  
71.15 payment is received by the association, with a minimum interest charge of \$10.

71.16 **EFFECTIVE DATE.** This section is effective July 1, 2017.

71.17 Sec. 25. Minnesota Statutes 2016, section 353.35, subdivision 1, is amended to read:

71.18 Subdivision 1. **Refund rights.** (a) Except as provided in paragraph (b), when any former  
71.19 member accepts a refund, all existing service credits and all rights and benefits to which  
71.20 the person was entitled prior to the acceptance of the refund must terminate.

71.21 (b) A refund under section 353.651, subdivision 3, paragraph (c), does not result in a  
71.22 forfeiture of salary credit for the allowable service credit covered by the refund.

71.23 (c) The rights and benefits of a former member must not be restored until the person  
71.24 returns to active service and acquires at least six months of allowable service credit after  
71.25 taking the last refund and repays the refund or refunds taken and interest received under  
71.26 section 353.34, subdivisions 1 and 2, plus interest at the ~~annual rate of 8.5 percent until June~~  
71.27 ~~30, 2015, and eight percent thereafter~~ applicable rate or rates specified in section 356.59,  
71.28 subdivision 3, compounded annually. If the person elects to restore service credit in a  
71.29 particular fund from which the person has taken more than one refund, the person must  
71.30 repay all refunds to that fund. All refunds must be repaid within six months of the last date  
71.31 of termination of public service.

71.32 **EFFECTIVE DATE.** This section is effective July 1, 2017.

72.1 Sec. 26. Minnesota Statutes 2016, section 354.50, subdivision 2, is amended to read:

72.2 Subd. 2. **Interest charge.** If a member desires to repay the refunds, payment shall include  
72.3 interest at ~~an annual rate of 8.5 percent~~ the applicable annual rate or rates specified in section  
72.4 356.59, subdivision 4, compounded annually<sub>2</sub> from date of withdrawal to the date payment  
72.5 is made and shall be credited to the fund.

72.6 **EFFECTIVE DATE.** This section is effective July 1, 2017.

72.7 Sec. 27. Minnesota Statutes 2016, section 354.51, subdivision 5, is amended to read:

72.8 Subd. 5. **Payment of shortages.** (a) Except as provided in paragraph (b), in the event  
72.9 that full required member contributions are not deducted from the salary of a teacher,  
72.10 payment of shortages in member deductions on salary earned are the sole obligation of the  
72.11 employing unit and are payable by the employing unit upon notification by the executive  
72.12 director of the shortage. The amount of the shortage shall be paid with interest at ~~an annual~~  
72.13 rate of 8.5 percent the applicable annual rate or rates specified in section 356.59, subdivision  
72.14 4, compounded annually<sub>2</sub> from the end of the fiscal year in which the shortage occurred to  
72.15 the end of the month in which payment is made and the interest must be credited to the  
72.16 fund. The employing unit shall also pay the employer contributions as specified in section  
72.17 354.42, subdivisions 3 and 5 for the shortages. If the shortage payment is not paid by the  
72.18 employing unit within 60 days of notification, and if the executive director does not use the  
72.19 recovery procedure in section 354.512, the executive director shall certify the amount of  
72.20 the shortage to the applicable county auditor, who shall spread a levy in the amount of the  
72.21 shortage payment over the taxable property of the taxing district of the employing unit if  
72.22 the employing unit is supported by property taxes. Payment may not be made for shortages  
72.23 in member deductions on salary paid or payable under paragraph (b) or for shortages in  
72.24 member deductions for persons employed by the Minnesota State Colleges and Universities  
72.25 system in a faculty position or in an eligible unclassified administrative position and whose  
72.26 employment was less than 25 percent of a full academic year, exclusive of the summer  
72.27 session, for the applicable institution that exceeds the most recent 36 months.

72.28 (b) For a person who is employed by the Minnesota State Colleges and Universities  
72.29 system in a faculty position or in an eligible unclassified administrative position and whose  
72.30 employment was less than 25 percent of a full academic year, exclusive of the summer  
72.31 session, for the applicable institution, upon the person's election under section 354B.21 of  
72.32 retirement coverage under this chapter, the shortage in member deductions on the salary  
72.33 for employment by the Minnesota State Colleges and Universities system institution of less  
72.34 than 25 percent of a full academic year, exclusive of the summer session, for the applicable



73.1 institution for the most recent 36 months and the associated employer contributions must  
73.2 be paid by the Minnesota State Colleges and Universities system institution, plus ~~annual~~  
73.3 ~~compound~~ interest at the ~~rate of 8.5 percent~~ applicable annual rate or rates specified in  
73.4 section 356.589, subdivision 4, compounded annually, from the end of the fiscal year in  
73.5 which the shortage occurred to the end of the month in which the Teachers Retirement  
73.6 Association coverage election is made. An individual electing coverage under this paragraph  
73.7 shall repay the amount of the shortage in member deductions, plus interest, through deduction  
73.8 from salary or compensation payments within the first year of employment after the election  
73.9 under section 354B.21, subject to the limitations in section 16D.16. The Minnesota State  
73.10 Colleges and Universities system may use any means available to recover amounts which  
73.11 were not recovered through deductions from salary or compensation payments. No payment  
73.12 of the shortage in member deductions under this paragraph may be made for a period longer  
73.13 than the most recent 36 months.

73.14 **EFFECTIVE DATE.** This section is effective July 1, 2017.

73.15 Sec. 28. Minnesota Statutes 2016, section 354.52, subdivision 4, is amended to read:

73.16 Subd. 4. **Reporting and remittance requirements.** An employer shall remit all amounts  
73.17 due to the association and furnish a statement indicating the amount due and transmitted  
73.18 with any other information required by the executive director. If an amount due is not  
73.19 received by the association within 14 calendar days of the payroll warrant, the ~~amount~~  
73.20 ~~accrues interest at an annual rate of 8.5 percent~~ employer shall pay interest on the amount  
73.21 due at the applicable annual rate or rates specified in section 356.59, subdivision 4,  
73.22 compounded annually, from the due date until the amount is received by the association.  
73.23 All amounts due and other employer obligations not remitted within 60 days of notification  
73.24 by the association must be certified to the commissioner of management and budget who  
73.25 shall deduct the amount from any state aid or appropriation amount applicable to the  
73.26 employing unit.

73.27 **EFFECTIVE DATE.** This section is effective July 1, 2017.

73.28 Sec. 29. Minnesota Statutes 2016, section 354.53, subdivision 5, is amended to read:

73.29 Subd. 5. **Interest requirements.** The employer shall pay interest on all equivalent  
73.30 employee and employer contribution amounts payable under this section. ~~Interest must be~~  
73.31 ~~computed at a rate of 8.5 percent~~ at the applicable annual rate or rates specified in section  
73.32 356.59, subdivision 4, compounded annually, from the end of each fiscal year of the leave  
73.33 or the break in service to the end of the month in which the payment is received.

74.1 **EFFECTIVE DATE.** This section is effective July 1, 2017.

74.2 Sec. 30. Minnesota Statutes 2016, section 354A.093, subdivision 6, is amended to read:

74.3 Subd. 6. **Interest requirements.** The employer shall pay interest on all equivalent  
 74.4 employee and employer contribution amounts payable under this section. Interest must be  
 74.5 computed at the ~~rate of 8.5 percent until June 30, 2015, and eight percent thereafter~~ applicable  
 74.6 annual rate or rates specified in section 356.59, subdivision 5, compounded annually, from  
 74.7 the end of each fiscal year of the leave or break in service to the end of the month in which  
 74.8 payment is received.

74.9 **EFFECTIVE DATE.** This section is effective July 1, 2017.

74.10 Sec. 31. Minnesota Statutes 2016, section 354A.096, is amended to read:

74.11 **354A.096 MEDICAL LEAVE.**

74.12 Any teacher in the coordinated program of the St. Paul Teachers Retirement Fund  
 74.13 Association who is on an authorized medical leave of absence and subsequently returns to  
 74.14 teaching service is entitled to receive allowable service credit, not to exceed one year, for  
 74.15 the period of leave, upon making the prescribed payment to the fund. This payment must  
 74.16 include the required employee and employer contributions at the rates specified in section  
 74.17 354A.12, subdivisions 1 and 2a, as applied to the member's average full-time monthly salary  
 74.18 rate on the date the leave of absence commenced plus ~~annual~~ interest at the ~~rate of 8.5~~  
 74.19 ~~percent until June 30, 2015, and eight percent thereafter per year~~ applicable annual rate or  
 74.20 rates specified in section 356.59, subdivision 5, compounded annually, from the end of the  
 74.21 fiscal year during which the leave terminates to the end of the month during which payment  
 74.22 is made. The member must pay the total amount required unless the employing unit, at its  
 74.23 option, pays the employer contributions. The total amount required must be paid by the end  
 74.24 of the fiscal year following the fiscal year in which the leave of absence terminated or before  
 74.25 the member retires, whichever is earlier. Payment must be accompanied by a copy of the  
 74.26 resolution or action of the employing authority granting the leave and the employing  
 74.27 authority, upon granting the leave, must certify the leave to the association in a manner  
 74.28 specified by the executive director. A member may not receive more than one year of  
 74.29 allowable service credit during any fiscal year by making payment under this section. A  
 74.30 member may not receive disability benefits under section 354A.36 and receive allowable  
 74.31 service credit under this section for the same period of time.

74.32 **EFFECTIVE DATE.** This section is effective July 1, 2017.

75.1 Sec. 32. Minnesota Statutes 2016, section 354A.12, subdivision 1a, is amended to read:

75.2 Subd. 1a. **Obligation for omitted salary deductions.** If the full required contributions  
75.3 are not deducted from the salary of a teacher, payment of the shortage in such deductions  
75.4 is the sole obligation of the employing unit during the three-year period following the end  
75.5 of the fiscal year in which the shortage occurred. The shortage is payable by the employing  
75.6 unit upon notification of the shortage by the executive director of the applicable retirement  
75.7 fund association. The employing unit shall also pay any employer contributions related to  
75.8 the shortage. The amount of the shortage in employee contributions and associated employer  
75.9 contributions is payable with interest at the ~~preretirement interest assumption for the~~  
75.10 ~~retirement fund as specified in section 356.215, subdivision 8, stated as a monthly rate~~  
75.11 applicable annual rate or rates specified in section 356.59, subdivision 5, from the date due  
75.12 until the date payment is received in the office of the association, compounded annually,  
75.13 with a minimum interest charge of \$10. If the shortage payment and interest is not paid by  
75.14 the employing unit within 60 days of notification, the executive director shall certify the  
75.15 amount of the shortage payment and interest to the commissioner of management and budget,  
75.16 who shall deduct the amount from any state aid or appropriation amount applicable to the  
75.17 employing unit.

75.18 **EFFECTIVE DATE.** This section is effective July 1, 2017.

75.19 Sec. 33. Minnesota Statutes 2016, section 354A.12, subdivision 7, is amended to read:

75.20 Subd. 7. **Recovery of benefit overpayments.** (a) If the executive director discovers,  
75.21 within the time period specified in subdivision 8 following the payment of a refund or the  
75.22 accrual date of any retirement annuity, survivor benefit, or disability benefit, that benefit  
75.23 overpayment has occurred due to using invalid service or salary, or due to any erroneous  
75.24 calculation procedure, the executive director must recalculate the annuity or benefit payable  
75.25 and recover any overpayment. The executive director shall recover the overpayment by  
75.26 requiring direct repayment or by suspending or reducing the payment of a retirement annuity  
75.27 or other benefit payable under this chapter to the applicable person or the person's estate,  
75.28 whichever applies, until all outstanding amounts have been recovered. If a benefit  
75.29 overpayment or improper payment of benefits occurred caused by a failure of the person  
75.30 to satisfy length of separation requirements for retirement under section 354A.011,  
75.31 subdivision 21, the executive director shall recover the improper payments by requiring  
75.32 direct repayment. The repayment must include interest at the ~~rate of 0.71 percent per month~~  
75.33 applicable annual rate or rates specified in section 356.59, subdivision 5, from the first of

76.1 the month in which a monthly benefit amount was paid to the first of the month in which  
76.2 the amount is repaid, with annual compounding.

76.3 (b) In the event the executive director determines that an overpaid annuity or benefit  
76.4 that is the result of invalid salary included in the average salary used to calculate the payment  
76.5 amount must be recovered, the executive director must determine the amount of the employee  
76.6 deductions taken in error on the invalid salary, with interest as determined under 354A.37,  
76.7 subdivision 3, and must subtract that amount from the total annuity or benefit overpayment,  
76.8 and the remaining balance of the overpaid annuity or benefit, if any, must be recovered.

76.9 (c) If the invalid employee deductions plus interest exceed the amount of the overpaid  
76.10 benefits, the balance must be refunded to the person to whom the benefit or annuity is being  
76.11 paid.

76.12 (d) Any invalid employer contributions reported on the invalid salary must be credited  
76.13 against future contributions payable by the employer.

76.14 (e) If a member or former member, who is receiving a retirement annuity or disability  
76.15 benefit for which an overpayment is being recovered, dies before recovery of the overpayment  
76.16 is completed and an optional annuity or refund is payable, the remaining balance of the  
76.17 overpaid annuity or benefit must continue to be recovered from the payment to the optional  
76.18 annuity beneficiary or refund recipient.

76.19 (f) The board of trustees shall adopt policies directing the period of time and manner  
76.20 for the collection of any overpaid retirement or optional annuity, and survivor or disability  
76.21 benefit, or a refund that the executive director determines must be recovered as provided  
76.22 under this section.

76.23 **EFFECTIVE DATE.** This section is effective July 1, 2017.

76.24 Sec. 34. Minnesota Statutes 2016, section 354A.34, is amended to read:

76.25 **354A.34 DISPOSITION OF UNPAID PERIOD CERTAIN FOR LIFE OR**  
76.26 **GUARANTEED REFUND OPTIONAL ANNUITIES.**

76.27 If a retiree from a coordinated program who has elected a period certain and for life  
76.28 thereafter or a guaranteed refund optional annuity form dies without having a designated  
76.29 beneficiary who has survived the retiree, any remaining unpaid guaranteed annuity payments  
76.30 shall be computed at the rate of interest specified in section 356.215, subdivision 8, and  
76.31 paid in one lump sum to the estate of the retiree. If a retiree from a coordinated program  
76.32 who has elected a period certain and for life or a guaranteed refund optional annuity form  
76.33 dies with a designated beneficiary who has survived the retiree but the designated beneficiary

77.1 dies without there existing another designated beneficiary, any remaining unpaid guaranteed  
77.2 annuity payments shall be computed ~~at the rate of~~ with interest at the applicable annual rate  
77.3 or rates specified in section ~~356.215, subdivision 8~~ 356.59, subdivision 5, and paid in one  
77.4 lump sum to the estate of the designated beneficiary.

77.5 **EFFECTIVE DATE.** This section is effective July 1, 2017.

77.6 Sec. 35. Minnesota Statutes 2016, section 354A.38, subdivision 3, is amended to read:

77.7 Subd. 3. **Computation of refund repayment amount.** If the coordinated member elects  
77.8 to repay a refund under subdivision 2, the repayment to the fund must be in an amount equal  
77.9 to refunds the member has accepted plus interest at the ~~rate of 8.5 percent until June 30,~~  
77.10 ~~2015, and eight percent thereafter~~ applicable annual rate or rates specified in section 356.59,  
77.11 subdivision 5, compounded annually, from the date that the refund was accepted to the date  
77.12 that the refund is repaid.

77.13 **EFFECTIVE DATE.** This section is effective July 1, 2017.

77.14 Sec. 36. Minnesota Statutes 2016, section 356.195, subdivision 2, is amended to read:

77.15 Subd. 2. **Purchase procedure for strike periods.** (a) An employee covered by a plan  
77.16 specified in subdivision 1 may purchase allowable service credit in the applicable plan for  
77.17 any period of time during which the employee was on a public employee strike without  
77.18 pay, not to exceed a period of one year, if the employee makes a payment in lieu of salary  
77.19 deductions as specified in paragraph (b) or (c), whichever applies. The employing unit, at  
77.20 its option, may pay the employer portion of the amount specified in paragraph (b) on behalf  
77.21 of its employees.

77.22 (b) If payment is received by the applicable pension plan executive director within one  
77.23 year from the end of the strike, the payment amount is equal to the applicable employee  
77.24 and employer contribution rates specified in law for the applicable plan during the strike  
77.25 period, applied to the employee's rate of salary in effect at the conclusion of the strike for  
77.26 the period of the strike without pay, plus compound interest at the ~~monthly rate of 0.71~~  
77.27 ~~percent for any period for the Teachers Retirement Association and at the monthly rate of~~  
77.28 ~~0.71 percent until June 30, 2015, and 0.667 percent thereafter for any other retirement plan~~  
77.29 ~~listed in section 356.30, subdivision 3~~ applicable monthly rate or rates specified in section  
77.30 356.59, subdivisions 2, 3, 4, or 5, whichever applies, from the last day of the strike period  
77.31 until the date payment is received.

78.1 (c) If payment is received by the applicable pension fund director after one year and  
78.2 before five years from the end of the strike, the payment amount is the amount determined  
78.3 under section 356.551.

78.4 (d) Payments may not be made more than five years after the end of the strike.

78.5 **EFFECTIVE DATE.** This section is effective July 1, 2017.

78.6 Sec. 37. Minnesota Statutes 2016, section 356.44, is amended to read:

78.7 **356.44 PARTIAL PAYMENT OF PENSION PLAN REFUND.**

78.8 (a) Notwithstanding any provision of law to the contrary, a member of a pension plan  
78.9 listed in section 356.30, subdivision 3, with at least two years of forfeited service taken  
78.10 from a single pension plan, may repay a portion of all refunds. A partial refund repayment  
78.11 must comply with this section.

78.12 (b) The minimum portion of a refund repayment is one-third of the total service credit  
78.13 period of all refunds taken from a single plan.

78.14 (c) The cost of the partial refund repayment is the product of the cost of the total  
78.15 repayment multiplied by the ratio of the restored service credit to the total forfeited service  
78.16 credit. The total repayment amount includes interest at the ~~annual rate of 8.5 percent for~~  
78.17 ~~any period for the Teachers Retirement Association and is 8.5 percent until June 30, 2015,~~  
78.18 ~~and eight percent thereafter for any other retirement plan listed in section 356.30, subdivision~~  
78.19 ~~3~~ at the applicable annual rate or rates specified in section 356.59, subdivisions 2, 3, 4, or  
78.20 5, whichever applies, compounded annually, from the refund date to the date repayment is  
78.21 received.

78.22 (d) The restored service credit must be allocated based on the relationship the restored  
78.23 service bears to the total service credit period for all refunds taken from a single pension  
78.24 plan.

78.25 (e) This section does not authorize a public pension plan member to repay a refund if  
78.26 the law governing the plan does not authorize the repayment of a refund of member  
78.27 contributions.

78.28 **EFFECTIVE DATE.** This section is effective July 1, 2017.

78.29 Sec. 38. Minnesota Statutes 2016, section 356.50, subdivision 2, is amended to read:

78.30 Subd. 2. **Service credit procedure.** (a) To obtain the public pension plan allowable  
78.31 service credit, the eligible person under subdivision 1 shall pay the required member

79.1 contribution amount. The required member contribution amount is the member contribution  
 79.2 rate or rates in effect for the pension plan during the period of service covered by the back  
 79.3 pay award, applied to the unpaid gross salary amounts of the back pay award including  
 79.4 unemployment insurance, workers' compensation, or wages from other sources which  
 79.5 reduced the back award. No contributions may be made under this clause for compensation  
 79.6 covered by a public pension plan listed in section 356.30, subdivision 3, for employment  
 79.7 during the removal period. The person shall pay the required member contribution amount  
 79.8 within 60 days of the date of receipt of the back pay award or within 60 days of a billing  
 79.9 from the retirement fund, whichever is later.

79.10 (b) The public employer who wrongfully discharged the public employee must pay an  
 79.11 employer contribution on the back pay award. The employer contribution must be based  
 79.12 on the employer contribution rate or rates in effect for the pension plan during the period  
 79.13 of service covered by the back pay award, applied to the salary amount on which the member  
 79.14 contribution amount was determined under paragraph (a). ~~Interest on both the required~~  
 79.15 ~~member and employer contribution amount must be paid by the employer at the annual~~  
 79.16 ~~compound rate of 8.5 percent for any period for the Teachers Retirement Association and~~  
 79.17 ~~8.5 percent until June 30, 2015, and eight percent thereafter, for any other retirement plan~~  
 79.18 ~~listed in section 356.30, subdivision 3, per year, expressed monthly~~ The employer must pay  
 79.19 compound interest on both the required member and employer contribution amounts at the  
 79.20 applicable monthly rate or rates specified in section 356.59, subdivisions 2, 3, 4, or 5,  
 79.21 whichever applies, between the date the contribution amount would have been paid to the  
 79.22 date of actual payment. The employer payment must be made within 30 days of the payment  
 79.23 under paragraph (a).

79.24 **EFFECTIVE DATE.** This section is effective July 1, 2017.

79.25 Sec. 39. Minnesota Statutes 2016, section 356.551, subdivision 2, is amended to read:

79.26 Subd. 2. **Determination.** (a) Unless the minimum purchase amount set forth in paragraph  
 79.27 (c) applies, the prior service credit purchase amount is an amount equal to the actuarial  
 79.28 present value, on the date of payment, as calculated by the chief administrative officer of  
 79.29 the pension plan and reviewed by the actuary retained under section 356.214, of the amount  
 79.30 of the additional retirement annuity obtained by the acquisition of the additional service  
 79.31 credit in this section.

79.32 (b) Calculation of this amount must be made using the preretirement interest rate  
 79.33 applicable to the public pension plan specified in section 356.215, subdivision 8, and the  
 79.34 mortality table adopted for the public pension plan. The calculation must assume continuous

80.1 future service in the public pension plan until, and retirement at, the age at which the  
80.2 minimum requirements of the fund for normal retirement or retirement with an annuity  
80.3 unreduced for retirement at an early age, including section 356.30, are met with the additional  
80.4 service credit purchased. The calculation must also assume a full-time equivalent salary, or  
80.5 actual salary, whichever is greater, and a future salary history that includes annual salary  
80.6 increases at the applicable salary increase rate for the plan specified in section 356.215,  
80.7 subdivision ~~4d~~ 8.

80.8 (c) The prior service credit purchase amount may not be less than the amount determined  
80.9 by applying, for each year or fraction of a year being purchased, the sum of the employee  
80.10 contribution rate, the employer contribution rate, and the additional employer contribution  
80.11 rate, if any, applicable during that period, to the person's annual salary during that period,  
80.12 or fractional portion of a year's salary, if applicable, plus interest at the ~~annual rate of 8.5~~  
80.13 ~~percent until June 30, 2015, and eight percent thereafter~~ applicable annual rate or rates  
80.14 specified in section 356.59, subdivisions 2, 3, 4, or 5, whichever applies, compounded  
80.15 annually, from the end of the year in which contributions would otherwise have been made  
80.16 to the date on which the payment is received.

80.17 (d) Unless otherwise provided by statutes governing a specific plan, payment must be  
80.18 made in one lump sum within one year of the prior service credit authorization or prior to  
80.19 the member's effective date of retirement, whichever is earlier. Payment of the amount  
80.20 calculated under this section must be made by the applicable eligible person.

80.21 (e) However, the current employer or the prior employer may, at its discretion, pay all  
80.22 or any portion of the payment amount that exceeds an amount equal to the employee  
80.23 contribution rates in effect during the period or periods of prior service applied to the actual  
80.24 salary rates in effect during the period or periods of prior service, plus interest at the  
80.25 applicable annual rate of 8.5 percent a year or rates specified in section 356.59, subdivisions  
80.26 2, 3, 4, or 5, whichever applies, compounded annually, from the date on which the  
80.27 contributions would otherwise have been made to the date on which the payment is made.  
80.28 If the employer agrees to payments under this subdivision, the purchaser must make the  
80.29 employee payments required under this subdivision within 90 days of the prior service credit  
80.30 authorization. If that employee payment is made, the employer payment under this  
80.31 subdivision must be remitted to the chief administrative officer of the public pension plan  
80.32 within 60 days of receipt by the chief administrative officer of the employee payments  
80.33 specified under this subdivision.

80.34 **EFFECTIVE DATE.** This section is effective July 1, 2017.



81.1 Sec. 40. **[356.59] INTEREST RATES.**

81.2 Subdivision 1. **Applicable interest rates.** Whenever the payment of interest is required  
 81.3 with respect to any payment, including refunds, remittances, shortages, contributions, or  
 81.4 repayments, the rate of interest is the rate or rates specified in subdivisions 2 to 5 for each  
 81.5 public retirement plan.

81.6 Subd. 2. **Minnesota State Retirement System.** The interest rates for all retirement plans  
 81.7 administered by the Minnesota State Retirement System are as follows:

|                                                  | <u>Annual</u>      | <u>Monthly</u>       |
|--------------------------------------------------|--------------------|----------------------|
| 81.9 <u>before July 1, 2015</u>                  | <u>8.5 percent</u> | <u>0.71 percent</u>  |
| 81.10 <u>from July 1, 2015, to June 30, 2017</u> | <u>8.0 percent</u> | <u>0.667 percent</u> |
| 81.11 <u>after June 30, 2017</u>                 | <u>7.5 percent</u> | <u>0.625 percent</u> |

81.12 Subd. 3. **Public Employees Retirement Association.** The interest rates for all retirement  
 81.13 plans administered by the Public Employees Retirement Association are as follows:

|                                                  |                    |
|--------------------------------------------------|--------------------|
| 81.14 <u>before July 1, 2015</u>                 | <u>8.5 percent</u> |
| 81.15 <u>from July 1, 2015, to June 30, 2017</u> | <u>8.0 percent</u> |
| 81.16 <u>after June 30, 2017</u>                 | <u>7.5 percent</u> |

81.17 Subd. 4. **Teachers Retirement Association.** The interest rates for the retirement plan  
 81.18 administered by the Teachers Retirement Association are as follows:

|                                  | <u>Annual</u>      | <u>Monthly</u>       |
|----------------------------------|--------------------|----------------------|
| 81.20 <u>before July 1, 2017</u> | <u>8.5 percent</u> | <u>0.71 percent</u>  |
| 81.21 <u>after June 30, 2017</u> | <u>7.5 percent</u> | <u>0.625 percent</u> |

81.22 Subd. 5. **St. Paul Teachers Retirement Fund Association.** The interest rates for the  
 81.23 retirement plan administered by the St. Paul Teachers Retirement Fund Association are as  
 81.24 follows:

|                                                  | <u>Annual</u>      | <u>Monthly</u>       |
|--------------------------------------------------|--------------------|----------------------|
| 81.26 <u>before July 1, 2015</u>                 | <u>8.5 percent</u> | <u>0.71 percent</u>  |
| 81.27 <u>from July 1, 2015, to June 30, 2017</u> | <u>8.0 percent</u> | <u>0.667 percent</u> |
| 81.28 <u>after June 30, 2017</u>                 | <u>7.5 percent</u> | <u>0.625 percent</u> |

81.29 **EFFECTIVE DATE.** This section is effective July 1, 2017.

81.30 Sec. 41. Minnesota Statutes 2016, section 490.121, subdivision 4, is amended to read:

81.31 Subd. 4. **Allowable service.** (a) "Allowable service" means any calendar month, subject  
 81.32 to the service credit limit in subdivision 22, served as a judge at any time, during which the  
 81.33 judge received compensation for that service from the state, municipality, or county,

82.1 whichever applies, and for which the judge made any required member contribution. It also  
82.2 includes any month served as a referee in probate for all referees in probate who were in  
82.3 office before January 1, 1974.

82.4 (b) "Allowable service" also means a period of authorized leave of absence for which  
82.5 the judge has made a payment in lieu of contributions, not in an amount in excess of the  
82.6 service credit limit under subdivision 22. To obtain the service credit, the judge shall pay  
82.7 an amount equal to the normal cost of the judges retirement plan on the date of return from  
82.8 the leave of absence, as determined in the most recent actuarial report for the plan filed with  
82.9 the Legislative Commission on Pensions and Retirement, multiplied by the judge's average  
82.10 monthly salary rate during the authorized leave of absence and multiplied by the number  
82.11 of months of the authorized leave of absence, plus ~~annual compound interest at the rate of~~  
82.12 ~~8.5 percent until June 30, 2015, and eight percent thereafter~~ interest at the applicable annual  
82.13 rate or rates specified in section 356.59, subdivision 2, compounded annually, from the date  
82.14 of the termination of the leave to the date on which payment is made. The payment must  
82.15 be made within one year of the date on which the authorized leave of absence terminated.  
82.16 Service credit for an authorized leave of absence is in addition to a uniformed service leave  
82.17 under section 490.1211.

82.18 (c) "Allowable service" does not mean service as a retired judge.

82.19 **EFFECTIVE DATE.** This section is effective July 1, 2017.

82.20 Sec. 42. Minnesota Statutes 2016, section 490.1211, is amended to read:

82.21 **490.1211 UNIFORMED SERVICE.**

82.22 (a) A judge who is absent from employment by reason of service in the uniformed  
82.23 services, as defined in United States Code, title 38, section 4303(13), and who returns to  
82.24 state employment as a judge upon discharge from service in the uniformed service within  
82.25 the time frame required in United States Code, title 38, section 4312(e), may obtain service  
82.26 credit for the period of the uniformed service, provided that the judge did not separate from  
82.27 uniformed service with a dishonorable or bad conduct discharge or under other than honorable  
82.28 conditions.

82.29 (b) The judge may obtain credit by paying into the fund equivalent member contribution  
82.30 based on the contribution rate or rates in effect at the time that the uniformed service was  
82.31 performed multiplied by the full and fractional years being purchased and applied to the  
82.32 annual salary rate. The annual salary rate is the average annual salary during the purchase  
82.33 period that the judge would have received if the judge had continued to provide employment

83.1 services to the state rather than to provide uniformed service, or if the determination of that  
83.2 rate is not reasonably certain, the annual salary rate is the judge's average salary rate during  
83.3 the 12-month period of judicial employment rendered immediately preceding the purchase  
83.4 period.

83.5 (c) The equivalent employer contribution and, if applicable, the equivalent employer  
83.6 additional contribution, must be paid by the employing unit, using the employer and employer  
83.7 additional contribution rate or rates in effect at the time that the uniformed service was  
83.8 performed, applied to the same annual salary rate or rates used to compute the equivalent  
83.9 member contribution.

83.10 (d) If the member equivalent contributions provided for in this section are not paid in  
83.11 full, the judge's allowable service credit must be prorated by multiplying the full and  
83.12 fractional number of years of uniformed service eligible for purchase by the ratio obtained  
83.13 by dividing the total member contributions received by the total member contributions  
83.14 otherwise required under this section.

83.15 (e) To receive allowable service credit under this section, the contributions specified in  
83.16 this section and section 490.121 must be transmitted to the fund during the period which  
83.17 begins with the date on which the individual returns to judicial employment and which has  
83.18 a duration of three times the length of the uniformed service period, but not to exceed five  
83.19 years. If the determined payment period is calculated to be less than one year, the  
83.20 contributions required under this section to receive service credit may be within one year  
83.21 from the discharge date.

83.22 (f) The amount of allowable service credit obtainable under this section and section  
83.23 490.121 may not exceed five years, unless a longer purchase period is required under United  
83.24 States Code, title 38, section 4312.

83.25 (g) The state court administrator shall pay interest on all equivalent member and employer  
83.26 contribution amounts payable under this section. Interest must be ~~computed at the rate of~~  
83.27 ~~8.5 percent until June 30, 2015, and eight percent thereafter~~ at the applicable annual rate or  
83.28 rates specified in section 356.59, subdivision 2, compounded annually, from the end of each  
83.29 fiscal year of the leave or break in service to the end of the month in which payment is  
83.30 received.

83.31 **EFFECTIVE DATE.** This section is effective July 1, 2017.

84.1 Sec. 43. Minnesota Statutes 2016, section 490.124, subdivision 12, is amended to read:

84.2 Subd. 12. **Refund.** (a) A person who ceases to be a judge is entitled to a refund in an  
84.3 amount that is equal to all of the member's employee contributions to the judges' retirement  
84.4 fund plus interest computed under section 352.22, subdivision 2.

84.5 (b) A refund of contributions under paragraph (a) terminates all service credits and all  
84.6 rights and benefits of the judge and the judge's survivors under this chapter.

84.7 (c) A person who becomes a judge again after taking a refund under paragraph (a) may  
84.8 reinstate the previously terminated allowable service credit, rights, and benefits by repaying  
84.9 the total amount of the previously received refund. The refund repayment must include  
84.10 interest ~~on the total amount previously received at the annual rate of 8.5 percent until June~~  
84.11 ~~30, 2015, and eight percent thereafter~~ at the applicable annual rate or rates specified in  
84.12 section 356.59, subdivision 2, compounded annually, from the date on which the refund  
84.13 was received until the date on which the refund is repaid.

84.14 **EFFECTIVE DATE.** This section is effective July 1, 2017.

## 84.15 ARTICLE 7

### 84.16 CONTRIBUTION RATES

84.17 Section 1. Minnesota Statutes 2016, section 352.04, subdivision 2, is amended to read:

84.18 Subd. 2. **Employee contributions.** (a) The employee contribution to the fund must be  
84.19 equal to the following percent of salary:

|       |                                                                      |              |
|-------|----------------------------------------------------------------------|--------------|
| 84.20 | <del>from July 1, 2010, to June 30, 2014</del>                       | <del>5</del> |
| 84.21 | from July 1, 2014, <del>and thereafter</del> <u>to June 30, 2017</u> | <u>5.5</u>   |
| 84.22 | <u>from July 1, 2017, to June 30, 2018</u>                           | <u>5.75</u>  |
| 84.23 | <u>after June 30, 2018</u>                                           | <u>6</u>     |

84.24 (b) These contributions must be made by deduction from salary as provided in subdivision  
84.25 4.

84.26 (c) Contribution increases under paragraph (a) must be paid starting the first day of the  
84.27 first full pay period after the effective date of the increase.

84.28 **EFFECTIVE DATE.** This section is effective July 1, 2017.

84.29 Sec. 2. Minnesota Statutes 2016, section 352.04, subdivision 3, is amended to read:

84.30 Subd. 3. **Employer contributions.** (a) The employer contribution to the fund must be  
84.31 equal to the following percent of salary:

|      |                                                                      |              |
|------|----------------------------------------------------------------------|--------------|
| 85.1 | <del>from July 1, 2010, to June 30, 2014</del>                       | <del>5</del> |
| 85.2 | from July 1, 2014, <del>and thereafter</del> <u>to June 30, 2017</u> | 5.5          |
| 85.3 | <u>from July 1, 2017, to June 30, 2018</u>                           | <u>5.875</u> |
| 85.4 | <u>after June 30, 2018</u>                                           | <u>6.25</u>  |

85.5 (b) Contribution increases under paragraph (a) must be paid starting the first day of the  
 85.6 first full pay period after the effective date of the increase.

85.7 **EFFECTIVE DATE.** This section is effective July 1, 2017.

85.8 Sec. 3. Minnesota Statutes 2016, section 352.92, subdivision 1, is amended to read:

85.9 Subdivision 1. **Employee contributions.** (a) Employee contributions of covered  
 85.10 correctional employees must be in an amount equal to the following percent of salary:

|       |                                                                      |                |
|-------|----------------------------------------------------------------------|----------------|
| 85.11 | <del>from July 1, 2010, to June 30, 2014</del>                       | <del>8.6</del> |
| 85.12 | from July 1, 2014, <del>and thereafter</del> <u>to June 30, 2017</u> | 9.1            |
| 85.13 | <u>after June 30, 2017</u>                                           | <u>9.6</u>     |

85.14 (b) These contributions must be made by deduction from salary as provided in section  
 85.15 352.04, subdivision 4.

85.16 (c) Contribution increases under paragraph (a) must be paid starting the first day of the  
 85.17 first full pay period after the effective date of the increase.

85.18 **EFFECTIVE DATE.** This section is effective July 1, 2017.

85.19 Sec. 4. Minnesota Statutes 2016, section 352.92, subdivision 2, is amended to read:

85.20 Subd. 2. **Employer contributions.** (a) The employer shall contribute for covered  
 85.21 correctional employees an amount equal to the following percent of salary:

|       |                                                                      |                 |
|-------|----------------------------------------------------------------------|-----------------|
| 85.22 | <del>from July 1, 2010, to June 30, 2014</del>                       | <del>12.1</del> |
| 85.23 | from July 1, 2014, <del>and thereafter</del> <u>to June 30, 2017</u> | 12.85           |
| 85.24 | <u>after June 30, 2017</u>                                           | <u>14.4</u>     |

85.25 (b) Contribution increases under paragraph (a) must be paid starting the first day of the  
 85.26 first full pay period after the effective date of the increase.

85.27 **EFFECTIVE DATE.** This section is effective July 1, 2017.

86.1 Sec. 5. Minnesota Statutes 2016, section 352.92, is amended by adding a subdivision to  
86.2 read:

86.3 Subd. 2a. **Supplemental employer contribution.** (a) Effective July 1, 2018, the employer  
86.4 shall pay a supplemental contribution. The supplemental contribution shall be 1.45 percent  
86.5 of salary for covered correctional employees from July 1, 2018, through June 30, 2019;  
86.6 2.95 percent of salary for covered correctional employees from July 1, 2019, through June  
86.7 30, 2020; and 4.45 percent of salary for covered correctional employees thereafter. The  
86.8 supplemental contribution rate of 4.45 percent shall remain in effect until the market value  
86.9 of the assets of the correctional state employees retirement plan of the Minnesota State  
86.10 Retirement System equals or exceeds the actuarial accrued liability of the plan as determined  
86.11 by the actuary retained under section 356.214. The expiration of the supplemental employer  
86.12 contribution is effective the first day of the first full pay period of the fiscal year immediately  
86.13 following the issuance of the actuarial valuation upon which the expiration is based.

86.14 (b) The supplemental contribution under paragraph (a) must be paid starting the first  
86.15 day of the first full pay period after the effective date.

86.16 **EFFECTIVE DATE.** This section is effective July 1, 2017.

86.17 Sec. 6. Minnesota Statutes 2016, section 352B.02, subdivision 1a, is amended to read:

86.18 Subd. 1a. **Member contributions.** (a) The member contribution is the following  
86.19 percentage of the member's salary:

|       |                                                                          |                         |
|-------|--------------------------------------------------------------------------|-------------------------|
| 86.20 | <del>(1) before the first day of the first pay period beginning</del>    |                         |
| 86.21 | <del>after July 1, 2014</del>                                            | <del>12.4 percent</del> |
| 86.22 | <del>(2) on or after the first day of the first pay period</del>         |                         |
| 86.23 | <del>beginning after</del> <u>from July 1, 2014, to June 30, 2016</u>    | <del>13.4 percent</del> |
| 86.24 | <del>(3) after June 30, 2016</del> <u>from July 1, 2016, to June 30,</u> |                         |
| 86.25 | <u>2017</u>                                                              | <del>14.4 percent</del> |
| 86.26 | <u>from July 1, 2017, to June 30, 2019</u>                               | <u>14.9</u>             |
| 86.27 | <u>after June 30, 2019</u>                                               | <u>15.4</u>             |

86.28 (b) These contributions must be made by deduction from salary as provided in section  
86.29 352.04, subdivision 4.

86.30 (c) Contribution increases under paragraph (a) must be paid starting the first day of the  
86.31 first full pay period after the effective date of the increase.

86.32 **EFFECTIVE DATE.** This section is effective July 1, 2017.

87.1 Sec. 7. Minnesota Statutes 2016, section 352B.02, subdivision 1c, is amended to read:

87.2 Subd. 1c. **Employer contributions and supplemental employer contribution.** (a) In  
87.3 addition to member contributions, department heads shall pay a sum equal to the specified  
87.4 percentage of the salary upon which deductions were made, which constitutes the employer  
87.5 contribution to the fund as follows:

|       |                                                                          |                         |
|-------|--------------------------------------------------------------------------|-------------------------|
| 87.6  | <del>(1) before the first day of the first pay period beginning</del>    |                         |
| 87.7  | <del>after July 1, 2014</del>                                            | <del>18.6 percent</del> |
| 87.8  | <del>(2) on or after the first day of the first pay period</del>         |                         |
| 87.9  | <del>beginning after</del> <u>from July 1, 2014, to June 30, 2016</u>    | <u>20.1 percent</u>     |
| 87.10 | <del>(3) after June 30, 2016</del> <u>from July 1, 2016, to June 30,</u> |                         |
| 87.11 | <u>2017</u>                                                              | <u>21.6 percent</u>     |
| 87.12 | <u>from July 1, 2017, to June 30, 2018</u>                               | <u>22.35</u>            |
| 87.13 | <u>after June 30, 2018</u>                                               | <u>23.1</u>             |

87.14 (b) Department contributions must be paid out of money appropriated to departments  
87.15 for this purpose.

87.16 (c) Contribution increases under paragraph (a) must be paid starting the first day of the  
87.17 first full pay period after the effective date of the increase.

87.18 (d) Effective July 1, 2017, department heads shall pay a supplemental employer  
87.19 contribution. The supplemental contribution shall be 1.75 percent of the salary upon which  
87.20 deductions are made from July 1, 2017, through June 30, 2018; three percent of the salary  
87.21 upon which deductions are made from July 1, 2018, through June 30, 2019; five percent of  
87.22 the salary which deductions are made from July 1, 2019, through June 30, 2020; and seven  
87.23 percent of the salary upon which deductions are made thereafter. The supplemental  
87.24 contribution must be paid starting the first day of the first full pay period after the effective  
87.25 date. The supplemental contribution rate of seven percent shall remain in effect until the  
87.26 market value of the assets of the State Patrol retirement plan of the Minnesota State  
87.27 Retirement System equals or exceeds the actuarial accrued liability of the plan as determined  
87.28 by the actuary retained under section 356.214. The expiration of the supplemental employer  
87.29 contribution is effective the first day of the first full pay period of the fiscal year immediately  
87.30 following the issuance of the actuarial valuation upon which the expiration is based.

87.31 **EFFECTIVE DATE.** This section is effective July 1, 2017.

87.32 Sec. 8. Minnesota Statutes 2016, section 352D.04, subdivision 2, is amended to read:

87.33 Subd. 2. **Contribution rates.** (a) The money used to purchase shares under this section  
87.34 is the employee and employer contributions provided in this subdivision.

88.1 (b) The employee contribution is an amount equal to ~~the 5.5 percent of salary specified~~  
 88.2 ~~in section 352.04, subdivision 2, or 352.045, subdivision 3a.~~

88.3 (c) The employer contribution is an amount equal to six percent of salary.

88.4 (d) For members of the legislature, the contributions under this subdivision also must  
 88.5 be made on per diem payments received during a regular or special legislative session, but  
 88.6 may not be made on per diem payments received outside of a regular or special legislative  
 88.7 session, on the additional compensation attributable to a leadership position under section  
 88.8 3.099, subdivision 3, living expense payments under section 3.101, or special session living  
 88.9 expense payments under section 3.103.

88.10 (e) For a judge who is a member of the unclassified plan under section 352D.02,  
 88.11 subdivision 1, paragraph (c), clause (16), the employee contribution rate is eight percent of  
 88.12 salary, and there is no employer contribution.

88.13 (f) These contributions must be made in the manner provided in section 352.04,  
 88.14 subdivisions 4, 5, and 6.

88.15 **EFFECTIVE DATE.** This section is effective July 1, 2017.

88.16 Sec. 9. Minnesota Statutes 2016, section 353.65, subdivision 2, is amended to read:

88.17 Subd. 2. **Employee contribution.** (a) For members other than members who were active  
 88.18 members of the former Minneapolis Firefighters Relief Association on December 29, 2011,  
 88.19 or for members other than members who were active members of the former Minneapolis  
 88.20 Police Relief Association on December 29, 2011, the employee contribution is an amount  
 88.21 equal to the following percentage of the total salary of each member, as follows: ~~9.6 percent~~  
 88.22 ~~before calendar year 2014; 10.2 percent in calendar year 2014; and 10.8 percent in calendar~~  
 88.23 ~~year 2015 and thereafter.~~

|       |                                                        |                     |
|-------|--------------------------------------------------------|---------------------|
| 88.24 | <u>before January 1, 2018</u>                          | <u>10.8 percent</u> |
| 88.25 | <u>from January 1, 2018, through December 31, 2018</u> | <u>11.3 percent</u> |
| 88.26 | <u>from January 1, 2019, and thereafter</u>            | <u>11.8 percent</u> |

88.27 (b) For members who were active members of the former Minneapolis Firefighters Relief  
 88.28 Association on December 29, 2011, the employee contribution is an amount equal to eight  
 88.29 percent of the monthly unit value under section 353.01, subdivision 10a, multiplied by 80  
 88.30 and expressed as a biweekly amount for each member. The employee contribution made  
 88.31 by a member with at least 25 years of service credit as an active member of the former  
 88.32 Minneapolis Firefighters Relief Association must be deposited in the postretirement health  
 88.33 care savings account established under section 352.98.



89.1 (c) For members who were active members of the former Minneapolis Police Relief  
 89.2 Association on December 29, 2011, the employee contribution is an amount equal to eight  
 89.3 percent of the monthly unit value under section 353.01, subdivision 10b, multiplied by 80  
 89.4 and expressed as a biweekly amount for each member. The employee contribution made  
 89.5 by a member with at least 25 years of service credit as an active member of the former  
 89.6 Minneapolis Police Relief Association must be deposited in the postretirement health care  
 89.7 savings account established under section 352.98.

89.8 (d) Contributions under this section must be made by deduction from salary in the manner  
 89.9 provided in subdivision 4. Where any portion of a member's salary is paid from other than  
 89.10 public funds, the member's employee contribution is based on the total salary received from  
 89.11 all sources.

89.12 **EFFECTIVE DATE.** This section is effective July 1, 2017.

89.13 Sec. 10. Minnesota Statutes 2016, section 353.65, subdivision 3, is amended to read:

89.14 Subd. 3. **Employer contribution.** (a) With respect to members other than members who  
 89.15 were active members of the former Minneapolis Firefighters Relief Association on December  
 89.16 29, 2011, or for members other than members who were active members of the former  
 89.17 Minneapolis Police Relief Association on December 29, 2011, the employer contribution  
 89.18 is an amount equal to the following percentage of the total salary of each member, as follows:  
 89.19 ~~14.4 percent before calendar year 2014; 15.3 percent in calendar year 2014; and 16.2 percent~~  
 89.20 ~~in calendar year 2015 and thereafter.~~

|       |                                                        |                      |
|-------|--------------------------------------------------------|----------------------|
| 89.21 | <u>before January 1, 2018</u>                          | <u>16.2 percent</u>  |
| 89.22 | <u>from January 1, 2018, through December 31, 2018</u> | <u>16.95 percent</u> |
| 89.23 | <u>from January 1, 2019, and thereafter</u>            | <u>17.7 percent</u>  |

89.24 (b) With respect to members who were active members of the former Minneapolis  
 89.25 Firefighters Relief Association on December 29, 2011, the employer contribution is an  
 89.26 amount equal to the amount of the member contributions under subdivision 2, paragraph  
 89.27 (b).

89.28 (c) With respect to members who were active members of the former Minneapolis Police  
 89.29 Relief Association on December 29, 2011, the employer contribution is an amount equal  
 89.30 to the amount of the member contributions under subdivision 2, paragraph (c).

89.31 (d) Contributions under this subdivision must be made from funds available to the  
 89.32 employing subdivision by the means and in the manner provided in section 353.28.

89.33 **EFFECTIVE DATE.** This section is effective July 1, 2017.

90.1 Sec. 11. Minnesota Statutes 2016, section 354.42, subdivision 2, is amended to read:

90.2 Subd. 2. **Employee contribution.** (a) The employee contribution to the fund is the  
90.3 following percentage of the member's salary:

| 90.4  | Period                                            | Basic Program           | Coordinated Program  |
|-------|---------------------------------------------------|-------------------------|----------------------|
| 90.5  | <del>from July 1, 2013, until June 30, 2014</del> | <del>10.5 percent</del> | <del>7 percent</del> |
| 90.6  | <u>after June 30, 2014 from July 1, 2014,</u>     |                         |                      |
| 90.7  | <u>through June 30, 2017</u>                      | 11 percent              | 7.5 percent          |
| 90.8  | <u>from July 1, 2017, through June 30, 2018</u>   | <u>11.19 percent</u>    | <u>7.69 percent</u>  |
| 90.9  | <u>from July 1, 2018, through June 30, 2019</u>   | <u>11.38 percent</u>    | <u>7.88 percent</u>  |
| 90.10 | <u>from July 1, 2019, through June 30, 2020</u>   | <u>11.56 percent</u>    | <u>8.06 percent</u>  |
| 90.11 | <u>after June 30, 2020</u>                        | <u>11.75 percent</u>    | <u>8.25 percent</u>  |

90.12 (b) When an employee contribution rate changes for a fiscal year, the new contribution  
90.13 rate is effective for the entire salary paid for each employer unit with the first payroll cycle  
90.14 reported.

90.15 (c) After June 30, 2015, if a contribution rate revision is required under subdivisions 4a,  
90.16 4b, and 4c, the employee contributions under paragraphs (a) and (b) must be adjusted  
90.17 accordingly.

90.18 (d) This contribution must be made by deduction from salary. Where any portion of a  
90.19 member's salary is paid from other than public funds, the member's employee contribution  
90.20 must be based on the entire salary received.

90.21 **EFFECTIVE DATE.** This section is effective July 1, 2017.

90.22 Sec. 12. Minnesota Statutes 2016, section 354.42, subdivision 3, is amended to read:

90.23 Subd. 3. **Employer.** (a) The regular employer contribution to the fund by Special School  
90.24 District No. 1, Minneapolis, is an amount equal to the applicable following percentage of  
90.25 salary of each coordinated member and the applicable percentage of salary of each basic  
90.26 member specified in paragraph (c).

90.27 The additional employer contribution to the fund by Special School District No. 1,  
90.28 Minneapolis, is an amount equal to 3.64 percent of the salary of each teacher who is a  
90.29 coordinated member or who is a basic member.

90.30 (b) The regular employer contribution to the fund by Independent School District No.  
90.31 709, Duluth, is an amount equal to the applicable percentage of salary of each old law or  
90.32 new law coordinated member specified for the coordinated program in paragraph (c).

91.1 (c) The employer contribution to the fund for every other employer is an amount equal  
 91.2 to the applicable following percentage of the salary of each coordinated member and the  
 91.3 applicable following percentage of the salary of each basic member:

| 91.4  | Period                                            | Coordinated Member   | Basic Member          |
|-------|---------------------------------------------------|----------------------|-----------------------|
| 91.5  | <del>from July 1, 2013, until June 30, 2014</del> | <del>7 percent</del> | <del>11 percent</del> |
| 91.6  | <u>after June 30, 2014 from July 1, 2014,</u>     |                      |                       |
| 91.7  | <u>through June 30, 2017</u>                      | 7.5 percent          | 11.5 percent          |
| 91.8  | <u>from July 1, 2017, through June 30, 2018</u>   | <u>7.75 percent</u>  | <u>11.75 percent</u>  |
| 91.9  | <u>from July 1, 2018, through June 30, 2019</u>   | <u>8.0 percent</u>   | <u>12 percent</u>     |
| 91.10 | <u>from July 1, 2019, through June 30, 2020</u>   | <u>8.25 percent</u>  | <u>12.25 percent</u>  |
| 91.11 | <u>after June 30, 2020</u>                        | <u>8.5 percent</u>   | <u>12.5 percent</u>   |

91.12 (d) When an employer contribution rate changes for a fiscal year, the new contribution  
 91.13 rate is effective for the entire salary paid for each employer unit with the first payroll cycle  
 91.14 reported.

91.15 (e) After June 30, 2015, if a contribution rate revision is made under subdivisions 4a,  
 91.16 4b, and 4c, the employer contributions under paragraphs (a), (b), and (c) must be adjusted  
 91.17 accordingly.

91.18 **EFFECTIVE DATE.** This section is effective the day following final enactment.

91.19 Sec. 13. Minnesota Statutes 2016, section 354A.12, subdivision 1, is amended to read:

91.20 Subdivision 1. **Employee contributions.** (a) The contribution required to be paid by  
 91.21 each member of the St. Paul Teachers Retirement Fund Association is the percentage of  
 91.22 total salary specified below for the applicable association and program:

| 91.23 | Program                                            | Percentage of Total Salary |
|-------|----------------------------------------------------|----------------------------|
| 91.24 | St. Paul Teachers Retirement Fund Association      |                            |
| 91.25 | <del>basic program after June 30, 2014</del>       | <del>9 percent</del>       |
| 91.26 | <del>basic program after June 30, 2015</del>       | <del>9.5 percent</del>     |
| 91.27 | basic program after June 30, 2016                  | 10 percent                 |
| 91.28 | <u>basic program after June 30, 2021</u>           | <u>10.25 percent</u>       |
| 91.29 | <del>coordinated program after June 30, 2014</del> | <del>6.5 percent</del>     |
| 91.30 | <del>coordinated program after June 30, 2015</del> | <del>7 percent</del>       |
| 91.31 | coordinated program after June 30, 2016            | 7.5 percent                |
| 91.32 | <u>coordinated program after June 30, 2021</u>     | <u>7.75 percent</u>        |

91.33 (b) Contributions must be made by deduction from salary and must be remitted directly  
 91.34 to the St. Paul Teachers Retirement Fund Association at least once each month.

92.1 (c) When an employee contribution rate changes for a fiscal year, the new contribution  
92.2 rate is effective for the entire salary paid by the employer with the first payroll cycle reported.

92.3 **EFFECTIVE DATE.** This section is effective July 1, 2017.

92.4 Sec. 14. Minnesota Statutes 2016, section 354A.12, subdivision 2a, is amended to read:

92.5 Subd. 2a. **Employer regular and additional contributions.** (a) The employing units  
92.6 shall make the following employer contributions to the teachers retirement fund association:

92.7 (1) for ~~any~~ each coordinated member of the St. Paul Teachers Retirement Fund  
92.8 Association, the employing unit shall make a regular employer contribution to the retirement  
92.9 fund association in an amount equal to the designated percentage of the salary of the  
92.10 coordinated member as provided below:

|       |                                |                                 |
|-------|--------------------------------|---------------------------------|
| 92.11 | <del>after June 30, 2014</del> | <del>5.5 percent</del>          |
| 92.12 | <del>after June 30, 2015</del> | <del>6 percent</del>            |
| 92.13 | after June 30, 2016            | 6.25 percent                    |
| 92.14 | after June 30, 2017            | <del>6.5</del> <u>7</u> percent |
| 92.15 | <u>after June 30, 2018</u>     | <u>7.75 percent</u>             |
| 92.16 | <u>after June 30, 2019</u>     | <u>8.25 percent</u>             |
| 92.17 | <u>after June 30, 2020</u>     | <u>9 percent</u>                |

92.18 (2) for ~~any~~ each basic member of the St. Paul Teachers Retirement Fund Association,  
92.19 the employing unit shall make a regular employer contribution to the respective retirement  
92.20 fund in an amount according to the schedule below:

|       |                                |                                             |
|-------|--------------------------------|---------------------------------------------|
| 92.21 | <del>after June 30, 2014</del> | <del>9 percent of salary</del>              |
| 92.22 | <del>after June 30, 2015</del> | <del>9.5 percent of salary</del>            |
| 92.23 | after June 30, 2016            | 9.75 percent of salary                      |
| 92.24 | after June 30, 2017            | <del>10</del> <u>10.5</u> percent of salary |
| 92.25 | <u>after June 30, 2018</u>     | <u>11.25 percent of salary</u>              |
| 92.26 | <u>after June 30, 2019</u>     | <u>11.75 percent of salary</u>              |
| 92.27 | <u>after June 30, 2020</u>     | <u>12.5 percent of salary</u>               |

92.28 (3) for a each basic member of the St. Paul Teachers Retirement Fund Association, the  
92.29 employing unit shall make an additional employer contribution to the respective fund in an  
92.30 amount equal to 3.64 percent of the salary of the basic member;

92.31 (4) for a each coordinated member of the St. Paul Teachers Retirement Fund Association,  
92.32 the employing unit shall make an additional employer contribution to the respective fund  
92.33 in an amount equal to 3.84 percent of the coordinated member's salary.

93.1 (b) The regular and additional employer contributions must be remitted directly to the  
 93.2 St. Paul Teachers Retirement Fund Association at least once each month. Delinquent amounts  
 93.3 are payable with interest under the procedure in subdivision 1a.

93.4 (c) Payments of regular and additional employer contributions for school district or  
 93.5 technical college employees who are paid from normal operating funds must be made from  
 93.6 the appropriate fund of the district or technical college.

93.7 (d) When an employer contribution rate changes for a fiscal year, the new contribution  
 93.8 rate is effective for the entire salary paid by the employer with the first payroll cycle reported.

93.9 **EFFECTIVE DATE.** This section is effective July 1, 2017.

## 93.10 **ARTICLE 8**

### 93.11 **DIRECT STATE AID**

93.12 Section 1. Minnesota Statutes 2016, section 353.65, is amended by adding a subdivision  
 93.13 to read:

93.14 Subd. 3b. **Direct state aid.** The state shall pay \$4,500,000 on October 1, 2018, and  
 93.15 October 1, 2019, to the public employees police and fire retirement plan. By October 1 of  
 93.16 each year after 2019, the state shall pay to the public employees police and fire retirement  
 93.17 plan \$9,000,000.

93.18 Sec. 2. Minnesota Statutes 2016, section 354A.12, subdivision 3a, is amended to read:

93.19 Subd. 3a. **Direct state aid to first class city teachers retirement fund associations.**

93.20 (a) The state shall pay \$2,827,000 to the St. Paul Teachers Retirement Fund Association.

93.21 (b) In addition to other amounts specified in this subdivision, the state shall pay  
 93.22 \$7,000,000 as state aid to the St. Paul Teachers Retirement Fund Association.

93.23 (c) In addition to the amounts specified in paragraphs (a) and (b), the state shall pay  
 93.24 \$5,000,000 as state aid to the St. Paul Teachers Retirement Fund Association.

93.25 ~~(e)~~ (d) The aid under this subdivision is payable October 1 annually. The commissioner  
 93.26 of management and budget shall pay the aid specified in this subdivision. The amount  
 93.27 required is appropriated annually from the general fund to the commissioner of management  
 93.28 and budget.

93.29 **EFFECTIVE DATE.** This section is effective July 1, 2017.

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APPENDIX  
Article locations in LCPR17-038

|           |                                                     |               |
|-----------|-----------------------------------------------------|---------------|
| ARTICLE 1 | MINNESOTA STATE RETIREMENT SYSTEM .....             | Page.Ln 1.31  |
| ARTICLE 2 | PUBLIC EMPLOYEES RETIREMENT ASSOCIATION .....       | Page.Ln 7.28  |
| ARTICLE 3 | TEACHERS RETIREMENT ASSOCIATION .....               | Page.Ln 11.13 |
| ARTICLE 4 | ST. PAUL TEACHERS RETIREMENT FUND ASSOCIATION ..... | Page.Ln 18.27 |
|           | POSTRETIREMENT ADJUSTMENTS FOR STATEWIDE            |               |
| ARTICLE 5 | PLANSAND GENERAL PROVISIONS .....                   | Page.Ln 24.3  |
| ARTICLE 6 | INTEREST RATE CONFORMING CHANGES .....              | Page.Ln 50.1  |
| ARTICLE 7 | CONTRIBUTION RATES .....                            | Page.Ln 84.15 |
| ARTICLE 8 | DIRECT STATE AID .....                              | Page.Ln 93.10 |

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**3A.12 COVERAGE BY MORE THAN ONE RETIREMENT SYSTEM OR ASSOCIATION.**

Subdivision 1. **Entitlement to annuity.** (a) Any legislator who has been a member of a retirement plan listed in paragraph (b) is entitled, when otherwise qualified, to a retirement allowance or annuity from each plan if the total allowable service in all plans or in any two of these plans totals ten or more years.

(b) This section applies to any retirement plan or program administered by the Minnesota State Retirement System, or any retirement plan administered by the Public Employees Retirement Association, including the Public Employees Retirement Association police and fire fund, or the Teachers Retirement Association, or the Minneapolis employees retirement plan, or the State Patrol retirement plan, or any other public employee retirement system in the state of Minnesota having a like provision.

(c) This section does not apply to other retirement plans providing benefits for police or firefighters.

(d) No portion of the allowable service upon which the retirement annuity from one plan is based is again used in the computation for benefits from another plan. The annuity from each plan must be determined by the appropriate provisions of the law, except that the requirement that a person must have a minimum number of years of allowable service in the respective system or association does not apply for the purposes of this section if the combined service in two or more of these plans equals ten or more years. The augmentation of deferred annuities provided in section 3A.02, subdivision 4, applies to the annuities accruing under this section.

Subd. 2. **Refund repayment.** A former legislator who has received a refund as provided in section 3A.03, subdivision 2, who is a currently contributing member of a retirement plan specified in subdivision 1, paragraph (b), may repay the refund as provided in section 3A.03, subdivision 2. A member of the legislature who has received a refund from any of the retirement plans specified in subdivision 1 may repay the refund to the respective plan under such terms and conditions consistent with the law governing the retirement plan if the law governing the plan permits the repayment of refunds. If the total amount to be repaid, including principal and interest exceeds \$2,000, repayment maybe made in three equal installments over a period of 18 months, with the interest accrued during the period of the repayment added to the final installment.

**352.045 PROCEDURE FOR REVISING EMPLOYEE AND EMPLOYER CONTRIBUTIONS IN CERTAIN INSTANCES.**

Subdivision 1. **Application.** This section applies to the general state employees retirement plan established under this chapter, the correctional state employees retirement plan established under this chapter, and the state patrol retirement plan established under chapter 352B.

Subd. 2. **Determination.** For purposes of this section, a contribution sufficiency exists if, for the applicable plan, the total of the employee contributions, the employer contributions, and any additional employer contributions, if applicable, exceeds the total of the normal cost, the administrative expenses, and the amortization contribution of the retirement plan as reported in the most recent actuarial valuation of the retirement plan prepared by the approved actuary retained under section 356.214 and prepared under section 356.215 and the standards for actuarial work of the Legislative Commission on Pensions and Retirement. For purposes of this section, a contribution deficiency exists if, for the applicable plan, the total employee contributions, employer contributions, and any additional employer contributions are less than the total of the normal cost, the administrative expenses, and the amortization contribution of the retirement plan as reported in the most recent actuarial valuation of the retirement plan prepared by the approved actuary retained under section 356.214 and prepared under section 356.215 and the standards for actuarial work of the Legislative Commission on Pensions and Retirement.

Subd. 3a. **Contribution rate revision; general state employees retirement plan.** (a) Notwithstanding the contribution rates as specified in law governing the applicable retirement plan, the board of directors of the Minnesota State Retirement System may adjust the employee and employer contribution rates for the general state employees retirement plan if the regular actuarial valuation of the plan prepared under section 356.215 indicates that there is a contribution sufficiency greater than one percent of covered payroll or that there is a contribution deficiency under subdivision 2 equal to or greater than one-half of one percent of covered payroll.

(b) If the actuarially determined contribution of the plan is less than the total support provided by the combined employee and employer contribution rates by more than one percent of covered payroll, the plan employee and employer contribution rates may be decreased

APPENDIX  
Repealed Minnesota Statutes: LCPR17-038

incrementally over one or more years to a level such that there remains a contribution sufficiency of at least one percent of covered payroll. Any decrease in employee and employer contribution rates must not result in total contributions that are less than the sum of the normal cost and administrative expenses of the retirement plan.

(c) If the actuarially required contribution exceeds the total support provided by the employee and employer contribution rates, the board of directors may increase the employee and employer contribution rates equally to eliminate that contribution deficiency.

(d) To determine if an adjustment is to be made, the board of directors shall consult with the approved actuary retained under section 356.214 and shall take into consideration factors that include, but are not limited to, the contribution rates calculated based on the actuarial value of assets and calculated based on the market value of assets; the funded ratio calculated based on the actuarial value of assets; the funded ratio calculated based on the market value of assets; the remaining number of years to the amortization target date; the recent experience of the investment markets; and the results of the 30-year funding, disbursements, and contribution projections prepared every other year as required under the standards for actuarial work adopted by the Legislative Commission on Pensions and Retirement.

(e) Any adjustment to the contribution rates must be reported to the chair and the executive director of the Legislative Commission on Pensions and Retirement by January 15 following receipt of the most recent annual actuarial valuation prepared under section 356.215. The report must include draft legislation to revise the employee and employer contributions stated in plan law. If the Legislative Commission on Pensions and Retirement does not recommend against the rate change or does not recommend a modification in the rate change, the adjustment becomes effective on the first day of the first full payroll period in the fiscal year following receipt of the most recent actuarial valuation that gave rise to the adjustment.

(f) A contribution sufficiency of up to one percent of covered payroll must be held in reserve to be used to offset any future actuarially determined contributions that are more than the total combined employee and employer contributions.

(g) Before any reduction in contributions to eliminate a sufficiency in excess of one percent of covered pay may be made, the executive director must review any need for a change in actuarial assumptions, as recommended by the approved actuary retained under section 356.214 in the most recent experience study of the general employees retirement plan prepared under section 356.215 and the standards for actuarial work promulgated by the Legislative Commission on Pensions and Retirement that may result in an increase in the actuarially determined contribution and must report to the Legislative Commission on Pensions and Retirement any decision by the board to use the sufficiency exceeding one percent of covered payroll to offset the impact of an actuarial assumption change recommended by the actuary retained under section 356.214, subdivision 1, and reviewed by the actuary retained by the commission under section 356.214, subdivision 4.

(h) No contribution sufficiency in excess of one percent of covered pay may be proposed to be used to increase benefits, and no benefit increase may be proposed that would initiate an adjustment to increase contributions under this subdivision. Any proposed benefit improvement must include a recommendation, prepared by the approved actuary retained under section 356.214, subdivision 1, and reviewed by the actuary retained by the Legislative Commission on Pensions and Retirement as provided under section 356.214, subdivision 4, on how the benefit modification will be funded.

**Subd. 3b. Contribution rate revision; correctional state employees retirement plan and State Patrol retirement plan.** (a) Subdivision 3a applies to the correctional state employees retirement plan under this chapter and to the State Patrol retirement plan established under chapter 352B, except as specified in paragraph (b) or (c).

(b) Any limitations on the amount of contribution rate changes stated in subdivision 3a apply only to the amount of the employee contribution revision. The employer contribution for the correctional state employees retirement plan or the State Patrol retirement plan, whichever is applicable, must be adjusted so that the employer contribution is equal to 60 percent of the sum of employee plus employer contributions.

(c) For the State Patrol retirement plan, a contribution sufficiency of up to two percent of covered payroll, rather than one percent, may be held in reserves without taking action to reduce employee and employer contributions.

**352.72 COVERAGE BY MORE THAN ONE RETIREMENT SYSTEM.**

**Subdivision 1. Entitlement to annuity.** (a) Any person who has been an employee covered by a retirement system listed in paragraph (b) is entitled when qualified to an annuity from each

APPENDIX

Repealed Minnesota Statutes: LCPR17-038

fund if total allowable service in all funds or in any two of these funds totals three or more years if employed before July 1, 2010, or totals five or more years if employed after June 30, 2010.

(b) This section applies to the Minnesota State Retirement System, the Public Employees Retirement Association including the Public Employees Retirement Association police and fire fund, the Teachers Retirement Association, the State Patrol Retirement Association, or any other public employee retirement system in the state with a similar provision, except as noted in paragraph (c).

(c) This section does not apply to other funds providing benefits for police officers or firefighters.

(d) No portion of the allowable service upon which the retirement annuity from one fund is based shall be again used in the computation for benefits from another fund. No refund may have been taken from any one of these funds since service entitling the employee to coverage under the system or the employee's membership in any of the associations last terminated. The annuity from each fund must be determined by the appropriate provisions of the law except that the requirement that a person must have at least a specific number of years of allowable service in the respective system or association does not apply for the purposes of this section if the combined service in two or more of these funds equals at least the longest period of allowable service of any of the applicable retirement plans.

**Subd. 2. Computation of deferred annuity.** (a) The deferred annuity, if any, accruing under subdivision 1, or section 352.22, subdivision 3, must be computed as provided in section 352.22, subdivision 3, on the basis of allowable service before termination of state service and augmented as provided herein. The required reserves applicable to a deferred annuity or to an annuity for which a former employee was eligible but had not applied or to any deferred segment of an annuity must be determined as of the date the benefit begins to accrue and augmented by interest compounded annually from the first day of the month following the month in which the employee ceased to be a state employee, or July 1, 1971, whichever is later, to the first day of the month in which the annuity begins to accrue. The rates of interest used for this purpose must be five percent compounded annually until January 1, 1981, and three percent compounded annually thereafter until January 1 of the year following the year in which the former employee attains age 55 or until January 1, 2012, whichever is earlier, and from the January 1 next following the attainment of age 55 to the effective date of retirement or until January 1, 2012, whichever is earlier, five percent compounded annually if the employee became an employee before July 1, 2006, 2.5 percent compounded annually until January 1, 2012, if the employee becomes an employee after June 30, 2006, and two percent compounded annually after December 31, 2011, irrespective of when the employee became a state employee. If a person has more than one period of uninterrupted service, the required reserves related to each period must be augmented by interest under this subdivision. The sum of the augmented required reserves so determined is the present value of the annuity. "Uninterrupted service" for the purpose of this subdivision means periods of covered employment during which the employee has not been separated from state service for more than two years. If a person repays a refund, the service restored by the repayment must be considered continuous with the next period of service for which the employee has credit with this system. The formula percentages used for each period of uninterrupted service must be those applicable to a new employee. The mortality table and interest assumption used to compute the annuity must be those in effect when the employee files application for annuity. This section does not reduce the annuity otherwise payable under this chapter.

(b) The retirement annuity or disability benefit of, or the survivor benefit payable on behalf of, a former state employee who terminated service before July 1, 1997, which is not first payable until after June 30, 1997, must be increased on an actuarial equivalent basis to reflect the change in the postretirement interest rate actuarial assumption under section 356.215, subdivision 8, from five percent to six percent under a calculation procedure and the tables adopted by the board and approved by the actuary retained under section 356.214.

**Subd. 4. Refund repayment.** Any person who has received a refund from the state employees retirement fund, and who is a member of a public retirement system included in subdivision 1, may repay the refund with interest to the state employees retirement fund. If a refund is repaid to the fund and more than one refund has been received from the fund, all refunds must be repaid. Repayment must be made as provided in section 352.23, and under terms and conditions consistent with that section as agreed upon with the director.

## APPENDIX

### Repealed Minnesota Statutes: LCPR17-038

Subd. 5. **Early retirement.** The requirements and provisions for retirement before normal retirement age in sections 352.115, subdivision 1, and 352.116 also apply to an employee fulfilling the requirements with a combination of service as provided in subdivision 1.

#### **352B.30 COVERAGE BY MORE THAN ONE RETIREMENT SYSTEM OR ASSOCIATION.**

Subdivision 1. **Entitlement to annuity.** Any person who has been an employee covered by the Minnesota State Retirement System, or a member of the Public Employees Retirement Association including the Public Employees Retirement Association Police and Fire Fund, or the Teachers Retirement Association, or the State Patrol retirement fund, or any other public employee retirement system in Minnesota having a like provision but excluding all other funds providing benefits for police or firefighters is entitled when qualified to an annuity from each fund if total allowable service in all funds or in any two of these funds totals the number of years of allowable service required by the applicable retirement plan with the longest vesting period for the person. No part of the allowable service upon which the retirement annuity from one fund is based may again be used in the computation for benefits from another fund. The member must not have taken a refund from any one of these funds since service entitling the member to coverage under the system or membership in any of the associations last terminated. The annuity from each fund must be determined by the appropriate law except that the requirement that a person must have at least a specific number of years allowable service in the respective system or association does not apply for the purposes of this section if the combined service in two or more of these funds equals the number of years of allowable service required by the applicable retirement plan with the longest vesting period for the person.

Subd. 2. **Computation of deferred annuity.** Deferred annuities must be computed according to this chapter on the basis of allowable service before termination of service and augmented as provided in this chapter. The required reserves applicable to a deferred annuity must be augmented by interest compounded annually from the first day of the month following the month in which the member terminated service, or July 1, 1971, whichever is later, to the first day of the month in which the annuity begins to accrue. The rates of interest used for this purpose must be five percent per year compounded annually until January 1, 1981, three percent per year compounded annually after January 1, 1981, until January 1, 2012, if the employee became an employee before July 1, 2006, 2.5 percent compounded annually if the employee becomes an employee after June 30, 2006, and two percent per year compounded annually after December 31, 2011, irrespective of when the employee was first employed. The mortality table and interest assumption used to compute the annuity must be those in effect when the member files application for annuity.

Subd. 3. **Refund repayment.** A person who has received a refund from the State Patrol retirement fund who is a member of a public retirement system included in subdivision 1, may repay the refund with interest to the State Patrol retirement fund as provided in section 352B.11, subdivision 4.

Subd. 4. **1997 postretirement fund interest changes.** The retirement annuity or disability benefit of, or the survivor benefit payable on behalf of, a former member who terminated service before July 1, 1997, which is not first payable until after June 30, 1997, must be increased on an actuarial equivalent basis to reflect the change in the postretirement interest rate actuarial assumption under section 356.215, subdivision 8, from five percent to six percent under a calculation procedure and tables adopted by the board and approved by the actuary retained under section 356.214.

#### **353.27 GENERAL EMPLOYEES RETIREMENT FUND.**

Subd. 3b. **Change in employee and employer contributions in certain instances.** (a) For purposes of this section:

(1) a contribution sufficiency exists if the total of the employee contribution under subdivision 2, the employer contribution under subdivision 3, the additional employer contribution under subdivision 3a, and any additional contribution previously imposed under this subdivision exceeds the total of the normal cost, the administrative expenses, and the amortization contribution of the general employees retirement plan as reported in the most recent actuarial valuation of the retirement plan prepared by the actuary retained under section 356.214 and prepared under section 356.215 and the standards for actuarial work of the Legislative Commission on Pensions and Retirement; and

## APPENDIX

### Repealed Minnesota Statutes: LCPR17-038

(2) a contribution deficiency exists if the total of the employee contributions under subdivision 2, the employer contributions under subdivision 3, the additional employer contribution under subdivision 3a, and any additional contribution previously imposed under this subdivision is less than the total of the normal cost, the administrative expenses, and the amortization contribution of the general employees retirement plan as reported in the most recent actuarial valuation of the retirement plan prepared by the actuary retained under section 356.214 and prepared under section 356.215 and the standards for actuarial work of the Legislative Commission on Pensions and Retirement.

(b) Notwithstanding the contribution rate provision specified under subdivisions 2, 3, and 3a, the board of trustees of the Public Employees Retirement Association may adjust the employee and employer contributions to the general employees retirement plan under subdivisions 2 and 3 if the regular actuarial valuation of the general employees retirement plan of the Public Employees Retirement Association prepared under section 356.215 indicates that there is a contribution sufficiency under paragraph (a) greater than one percent of covered payroll or that there is a contribution deficiency under paragraph (a) equal to or greater than one-half of one percent of covered payroll.

(c) If the actuarially determined contribution of the general employees retirement plan is less than the total support provided by the combined employee and employer contribution rates under subdivisions 2, 3, and 3a, by more than one percent of covered payroll, the general employees retirement plan coordinated program employee and employer contribution rates under subdivisions 2 and 3 may be decreased over one or more years to a level such that there remains a contribution sufficiency of at least one percent of covered payroll. Any decrease in employee and employer contribution rates must not result in total contributions that are less than the total of the normal cost of the retirement plan and the administrative expenses of the retirement plan.

(d) If the actuarially determined contribution exceeds the total support provided by the combined employee and employer contribution rates under subdivisions 2, 3, and 3a, the board of trustees may increase the employee and matching employer contribution rates to eliminate that contribution deficiency.

(e) To determine if an adjustment is to be made, the board of trustees shall consult with the approved actuary retained under section 356.214 and shall take into consideration factors that include, but are not limited to, the contribution rates based on actuarial value of assets and contribution rates based on the market value of assets; the funded ratio based on the actuarial value of assets and based on the market value of assets; the number of years remaining to the amortization target date; the recent experience of the investment markets; and the results of the 30-year funding, disbursements, and contributions projections prepared every other year as required under the standards for actuarial work adopted by the Legislative Commission on Pensions and Retirement.

(f) Any adjustment to the contribution rates must be reported to the chair and the executive director of the Legislative Commission on Pensions and Retirement by January 15 following the receipt of the most recent annual actuarial valuation prepared under section 356.215. If the Legislative Commission on Pensions and Retirement does not recommend against the rate change or does not recommend a modification in the rate change, the recommended adjustment becomes effective for any salary paid on or after the January 1 next following the legislative session in which the Legislative Commission on Pensions and Retirement did not take any action to disapprove or modify the Public Employees Retirement Association Board of Trustees' adjustment to the employee and employer rates.

(g) A contribution sufficiency of up to one percent of covered payroll must be held in reserve to be used to offset any future actuarially determined contributions that are more than the total combined employee and employer contributions under subdivisions 2, 3, and 3a.

(h) Before any reduction in contributions to eliminate a sufficiency in excess of one percent of covered pay may be made, the executive director must review any need for a change in actuarial assumptions, as recommended by the actuary retained under section 356.214 in the most recent experience study of the general employees retirement plan prepared under section 356.215 and the standards for actuarial work promulgated by the Legislative Commission on Pensions and Retirement that may result in an increase in the actuarially determined contribution and must report to the Legislative Commission on Pensions and Retirement any decision by the board to use the sufficiency exceeding one percent of covered payroll to offset the impact of an actuarial assumption change recommended by the actuary retained under section 356.214, subdivision 1, and reviewed by the actuary retained by the commission under section 356.214, subdivision 4.

(i) No contribution sufficiency in excess of one percent of covered pay may be proposed to be used to increase benefits, and no benefit increase may be proposed that would initiate an adjustment to increase contributions under this subdivision. Any proposed benefit improvement

APPENDIX

Repealed Minnesota Statutes: LCPR17-038

must include a recommendation, prepared by the approved actuary retained under section 356.214, subdivision 1, and reviewed by the actuary retained by the Legislative Commission on Pensions and Retirement as provided under section 356.214, subdivision 4, on how the benefit modification will be funded.

**353.71 COVERAGE BY MORE THAN ONE RETIREMENT SYSTEM;  
DEFERRED ANNUITY; AUGMENTATION.**

Subdivision 1. **Eligibility.** Any person who has been a member of a defined benefit retirement plan administered by the Public Employees Retirement Association, or a retirement plan administered by the Minnesota State Retirement System, or the Teachers Retirement Association, or any other public retirement system in the state of Minnesota having a like provision, except a retirement plan providing benefits for police officers or firefighters governed by sections 424A.091 to 424A.096, or by Laws 2013, chapter 111, article 5, sections 31 to 42, is entitled, when qualified, to an annuity from each retirement plan if the total allowable service in all retirement plans or in any two of these retirement plans totals the number of years of allowable service required to receive a normal retirement annuity for that retirement plan, provided that no portion of the allowable service upon which the retirement annuity from one retirement plan is based is again used in the computation for benefits from another retirement plan and provided further that the person has not taken a refund from any one of these retirement plans since the person's membership in that association or system last terminated. The annuity from each fund must be determined by the appropriate provisions of the law except that the requirement that a person must have at least a specific minimum period of allowable service in the respective association or system does not apply for the purposes of this section if the combined service in two or more of these retirement plans equals the number of years of allowable service required to receive a normal retirement annuity for that retirement plan.

Subd. 2. **Deferred annuity computation; augmentation.** (a) The deferred annuity accruing under subdivision 1, or under sections 353.34, subdivision 3, and 353.68, subdivision 4, must be computed on the basis of allowable service prior to the termination of public service and augmented as provided in this subdivision. The required reserves applicable to a deferred annuity, or to any deferred segment of an annuity must be determined as of the first day of the month following the month in which the former member ceased to be a public employee, or July 1, 1971, whichever is later.

(b) For a person who became a public employee before July 1, 2006, whose period of deferral began after June 30, 1971, and who terminated public employment before January 1, 2012, the required reserves of the deferred annuity must be augmented at the following applicable rate or rates:

(1) five percent annual compound interest until January 1, 1981;

(2) three percent annual compound interest after January 1, 1981, or until the earlier of December 31, 2011, or after the date of the termination of public service or the termination of membership, whichever is later, until January 1 of the year following the year in which the former member attains age 55;

(3) five percent annual compound interest from January 1 of the year following the year in which the former member attains age 55, or until December 31, 2011, whichever is earlier; and

(4) one percent annual compound interest from January 1, 2012.

(c) For a person who became a public employee after June 30, 2006, and who terminated public employment before January 1, 2012, the required reserves of the deferred annuity must be augmented at 2.5 percent annual compound interest from the date of termination of public service or termination of membership, whichever is earlier, until December 31, 2011, and one percent annual compound interest after December 31, 2011.

(d) For a person who terminates public employment after December 31, 2011, the required reserves of the deferred annuity must not be augmented.

(e) If a person has more than one period of uninterrupted service, the required reserves related to each period must be augmented as specified in this paragraph. The sum of the augmented required reserves is the present value of the annuity. Uninterrupted service for the purpose of this subdivision means periods of covered employment during which the employee has not been separated from public service for more than two years. If a person repays a refund, the restored service must be considered as continuous with the next period of service for which the employee has credit with this association. This section must not reduce the annuity otherwise payable under this chapter. This paragraph applies to individuals who become deferred annuitants on or after July 1, 1971. For a member who became a deferred annuitant before July 1, 1971, the paragraph applies from July 1, 1971, if the former active member applies for an annuity after July 1, 1973.

## APPENDIX

### Repealed Minnesota Statutes: LCPR17-038

(f) The retirement annuity or disability benefit of, or the survivor benefit payable on behalf of, a former member who terminated service before July 1, 1997, or the survivor benefit payable on behalf of a basic or police and fire member who was receiving disability benefits before July 1, 1997, which is first payable after June 30, 1997, must be increased on an actuarial equivalent basis to reflect the change in the postretirement interest rate actuarial assumption under section 356.215, subdivision 8, from five percent to six percent under a calculation procedure and tables adopted by the board and approved by the actuary retained under section 356.214.

Subd. 4. **Repayment of refund.** Any person who has received a refund from the Public Employees Retirement Association and who is a member of any public retirement system referred to in subdivision 1, may repay such refund to the Public Employees Retirement Association as provided in section 353.35.

Subd. 5. **Early retirement.** The requirements and provisions for retirement prior to normal retirement age contained in section 353.30, shall also apply to a person fulfilling such requirements with a combination of service as provided in subdivision 1.

#### **354.42 CONTRIBUTIONS BY EMPLOYER AND EMPLOYEE.**

Subd. 4a. **Determination.** (a) For purposes of this section, a contribution sufficiency exists if the total of the employee contributions, the employer contributions, and any additional employer contributions, if applicable, exceeds the total of the normal cost, the administrative expenses, and the amortization contribution of the retirement plan as reported in the most recent actuarial valuation of the retirement plan prepared by the approved actuary retained under section 356.214 and prepared under section 356.215 and the standards for actuarial work of the Legislative Commission on Pensions and Retirement.

(b) For purposes of this section, a contribution deficiency exists if the total of the employee contributions, the employer contributions, and any additional employer contributions are less than the total of the normal cost, the administrative expenses, and the amortization contribution of the retirement plan as reported in the most recent actuarial valuation of the retirement plan prepared by the approved actuary retained under section 356.214 and prepared under section 356.215 and the standards for actuarial work of the Legislative Commission on Pensions and Retirement.

Subd. 4b. **Contribution rate revision.** (a) Notwithstanding the contribution rate provisions under subdivisions 2 and 3, the Board of Trustees of the Teachers Retirement Association may adjust the employee and employer contribution rates if the regular actuarial valuation of the plan under section 356.215 indicates that there is a contribution sufficiency under subdivision 4a equal to or greater than one percent of covered payroll or if the regular valuation of the plan under section 356.215 indicates that there is a deficiency equal to or greater than one-half of one percent of covered payroll. Any decrease in employee and employer contribution rates must not result in the total of contribution rates that is less than the total of normal cost and administrative expenses.

(b) To determine if an adjustment is to be made, the board of trustees shall consult with the approved actuary retained under section 356.214 and shall take into consideration factors that include, but are not limited to, the contribution rates based on actuarial value of assets and contribution rates based on the market value of assets; the funded ratio based on the actuarial value of assets and based on the market value of assets; the number of years remaining to the amortization target date; the recent experience of the investment markets; and the results of the 30-year funding, disbursements, and contributions projections prepared every other year as required under the standards for actuarial work adopted by the Legislative Commission on Pensions and Retirement.

Subd. 4c. **Contribution sufficiency measures.** (a) A contribution sufficiency of up to one percent of covered payroll must be held in reserve to be used to offset any future actuarially required contributions that are more than the total combined employee and employer contributions being collected.

(b) Before any reduction in contributions to eliminate a sufficiency in excess of one percent of covered pay may be recommended, the executive director must review any need for a change in actuarial assumptions, as recommended by the actuary retained under section 356.214 in the most recent experience study of the retirement plan, that may result in an increase in the actuarially required contribution and must report to the Legislative Commission on Pensions and Retirement any recommendation by the board to use the sufficiency exceeding one percent of covered payroll to offset the impact of an actuarial assumption change recommended by the actuary retained under section 356.214, subdivision 1, and reviewed by the actuary retained by the commission under section 356.214, subdivision 4.

(c) A contribution sufficiency in excess of one percent of covered pay must not be used to increase benefits, and a benefit increase must not be proposed that would initiate an automatic

APPENDIX

Repealed Minnesota Statutes: LCPR17-038

adjustment under this section to increase contributions. A proposed benefit improvement must include a recommendation, prepared by the actuary retained under section 356.214, subdivision 1, and reviewed by the actuary retained by the Legislative Commission on Pensions and Retirement, as provided under section 356.214, subdivision 4, on the manner in which the benefit modification is to be funded.

Subd. 4d. **Reporting; commission review.** A contribution rate increase or decrease made under subdivision 4b must be reported to the chair and the executive director of the Legislative Commission on Pensions and Retirement on or before the next February 1 and, if the Legislative Commission on Pensions and Retirement does not recommend against the rate change or does not recommend a modification in the rate change, is effective on the next July 1 following the determination that a contribution deficiency or sufficiency exists based on the most recent actuarial valuation under section 356.215.

**354.60 SERVICE IN OTHER PUBLIC RETIREMENT FUNDS; ANNUITY.**

Any person who has been a member of the Minnesota state retirement system or the Public Employees Retirement Association including the Public Employees Retirement Association police and fire fund or the Teachers Retirement Association or the Minnesota State Patrol Retirement Association, or any other public employee retirement system in the state of Minnesota having a like provision but excluding all other funds providing benefits for police officers or firefighters shall be entitled when qualified to an annuity from each fund if the person's total allowable service in all three funds or in any two of these funds totals three or more years, provided no portion of the allowable service upon which the retirement annuity from one fund is based is again used in the computation for benefits from another fund and provided further that the person has not taken a refund from any one of these three funds since the person's membership in that association has terminated. The annuity from each fund shall be determined by the appropriate provisions of the law except that the requirement that an annuitant have at least three years' membership service or three years of allowable service in the respective association shall not apply for the purposes of this section provided the combined service in two or more of these funds equals three or more years.

**354A.29 ST. PAUL TEACHERS RETIREMENT FUND ASSOCIATION  
POSTRETIREMENT ADJUSTMENT.**

Subd. 8. **Calculation of postretirement adjustments; percentage based.** (a) For purposes of computing postretirement adjustments for eligible benefit recipients of the St. Paul Teachers Retirement Fund Association, the accrued liability funding ratio based on the actuarial value of assets of the plan as determined by the two most recent actuarial valuations prepared under sections 356.214 and 356.215 determines the postretirement increase, as follows:

| Funding ratio                                | Postretirement increase |
|----------------------------------------------|-------------------------|
| Less than 80 percent                         | 1 percent               |
| At least 80 percent but less than 90 percent | 2 percent               |

(b) The amount determined under paragraph (a) is the full postretirement increase to be applied as a permanent increase to the regular payment of each eligible member on January 1 of the next calendar year. For any eligible member whose effective date of benefit commencement occurred after January 1 of the calendar year immediately before the postretirement increase is applied, the amount determined under paragraph (a) must be reduced by 50 percent.

(c) If the accrued liability funding ratio based on the actuarial value of assets is at least 90 percent in two consecutive actuarial valuations, subsequent postretirement increases must be paid as specified in subdivision 9.

(d) If, following a postretirement increase under paragraph (a), the accrued liability funding ratio, based on the actuarial value of assets, falls below 80 percent for two consecutive actuarial valuations, the applicable postretirement increase must be reduced to one percent until January 1 of the calendar year next following the date on which the requirements for an increase under paragraph (a) are again satisfied.

Subd. 9. **Calculation of postretirement adjustments.** (a) This subdivision applies if the requirements of subdivision 8, paragraph (c), have been satisfied.

(b) A percentage adjustment must be paid under this subdivision to eligible persons under subdivision 7.



APPENDIX

Repealed Minnesota Statutes: LCPR17-038

(c) The amount of 2.5 percent is the full postretirement adjustment to be applied as a permanent increase to the regular payment of each eligible member on January 1 of the next calendar year. For any eligible member whose effective date of benefit commencement occurred after January 1 of the calendar year immediately before the postretirement adjustment is applied, the postretirement adjustment amount must be reduced by 50 percent.

(d) In the event the accrued liability funding ratio based on the actuarial value of assets falls below 90 percent for two consecutive actuarial valuations, the applicable postretirement increase must be determined under subdivision 8 until January 1 of the calendar year next following the date on which the requirements of subdivision 8, paragraph (c), are again satisfied.

**354A.39 SERVICE IN OTHER PUBLIC RETIREMENT FUNDS; ANNUITY.**

Any person who has been a member of the Minnesota State Retirement System, the Public Employees Retirement Association including the Public Employees Retirement Association Police and Fire Fund, the Teachers Retirement Association, the Minnesota State Patrol Retirement Association, the legislators retirement plan, the constitutional officers retirement plan, the St. Paul Teachers Retirement Fund Association coordinated program, or any other public employee retirement system in the state of Minnesota having a like provision, but excluding all other funds providing retirement benefits for police officers or firefighters, is entitled, when qualified, to an annuity from each fund if the person's total allowable service in all of the funds or in any two or more of the funds totals three or more years, provided that no portion of the allowable service upon which the retirement annuity from one fund is based is used again in the computation for a retirement annuity from another fund and provided further that the person has not taken a refund from any of funds or associations since the person's membership in the fund or association has terminated. The annuity from each fund or association must be determined by the appropriate provisions of the law governing each fund or association, except that the requirement that a person must have at least three years of allowable service in the respective fund or association does not apply for the purposes of this section, provided that the aggregate service in two or more of these funds equals three or more years.